



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

REDEVELOPMENT AGENCY	COUNCIL MEMBERS
Dennis Kennedy, Chairperson	Dennis Kennedy, Mayor
Mark Grzan, Vice-Chairperson	Mark Grzan, Mayor Pro Tempore
Larry Carr, Agency Member	Larry Carr, Council Member
Greg Sellers, Agency Member	Greg Sellers, Council Member
Steve Tate, Agency Member	Steve Tate, Council Member

WEDNESDAY, MARCH 22, 2006

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR MEETING

and

CITY COUNCIL SPECIAL MEETING

7:00 P.M.

A Special City Council Meeting Is Called at 7:00 P.M. for the Purpose of Conducting Closed Sessions and City Business.

Dennis Kennedy, Mayor

CALL TO ORDER

(Chairperson/Mayor Kennedy)

ROLL CALL ATTENDANCE

(Agency Secretary/City Clerk Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Agency Secretary/City Clerk Torrez)

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATION

2005 Overall Plant of the Year Award
South County Regional Wastewater Authority Reclamation Facility and Operations Management International, Inc.
Paul Roy, OMI, Inc.

Health Awareness
Mayor Kennedy

PRESENTATION

California Redevelopment Association Award of Excellence
Weston-Miles Architects

CITY COUNCIL COMMITTEE REPORTS

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

Redevelopment Agency Action

CONSENT CALENDAR:

ITEM 1 The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

- 1. FEBRUARY 2006 FINANCE AND INVESTMENT REPORT - RDA9
 Recommended Action(s): Accept and File.**

City Council Action

CONSENT CALENDAR:

ITEMS 2-23

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
2.	<u>FEBRUARY 2006 FINANCE AND INVESTMENT REPORT - CITY</u> <u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> .	18
3.	<u>APPROVAL OF AMENDMENT TO COMMUNITY PARK MASTER PLAN AND ADOPTION OF MITIGATED NEGATIVE DECLARATION</u> <u>Recommended Action(s):</u> 1. <u>Approve</u> Amendment to Community Park Master Plan; and 2. <u>Adopt</u> Mitigated Negative Declaration.	43
4.	<u>INDOOR RECREATION CENTER PROJECT – FEBRUARY CONSTRUCTION PROGRESS REPORT</u> <u>Recommended Action(s):</u> <u>Information</u> Only.	44
5.	<u>SALE OF A BELOW MARKET RATE (BMR) PROPERTY – 15215 MONTICELLO WAY</u> <u>Recommended Action(s):</u> 1. <u>Authorize</u> the City Manager to Spend \$20,000 to Repair the BMR Residence at 15215 Monticello Way; and 2. <u>Authorize</u> the City Manager to do Everything Necessary and Appropriate to Prepare and Execute the Agreements Required to Sell the Unit to an Eligible BMR Buyer in an Amount not to Exceed \$191,900 in Accordance with the BMR Program Guidelines.	45
6.	<u>REQUEST FOR APPROPRIATION OF FUNDING FOR A JUNE 6, 2006 SPECIAL ELECTION; RECOGNIZE REVENUE SOURCE</u> <u>Recommended Action(s):</u> 1. <u>Appropriate</u> \$76,000 to Pay for the Costs Associated with a June 6, 2006 Special Election; and 2. <u>Recognize</u> \$5,000 in Revenue from the Morris Family, Owners of the Cochrane Plaza Shopping Center.	46
7.	<u>AWARD OF PROFESSIONAL SERVICES CONTRACT FOR THE DEVELOPMENT OF TRAFFIC SIGNAL TIMING INTERCONNECTION ON TENNANT AVENUE AND EAST DUNNE AVENUE</u> <u>Recommended Action(s):</u> <u>Authorize</u> the City Manager to Execute a Consultant Agreement with Fehr & Peers Transportation Consultants, for the Development of Traffic Signal Timing on Tennant Avenue and East Dunne Avenue, Subject to Review and Approval by the City Attorney, for a Not-To-Exceed Fee of \$36,510.	47
8.	<u>IRREVOCABLE OFFER OF DEDICATION FOR PORTION OF TRAIL DRIVE</u> <u>Recommended Action(s):</u> 1. <u>Adopt</u> Resolution Acknowledging and Deferring Acceptance of the Offer of Street Dedication for a Portion of Trail Drive; and 2. <u>Direct</u> the City Clerk to File a Certified Copy of the Resolution in the Office of the Recorder of Santa Clara County.	48

Time Estimate

Consent Calendar: 1 - 10 Minutes

Page

9. **AWARD OF PROFESSIONAL SERVICES CONTRACT TO PREPARE PLAN LINE FOR THE SOUTHERLY EXTENSION OF BUTTERFIELD BOULEVARD**51
Recommended Action(s): Authorize the City Manager to Execute a Consultant Agreement to Prepare a Plan Line for the Southerly Extension of Butterfield Boulevard with MH Engineering; Subject to Review and Approval by the City Attorney.

10. **AWARD OF PROFESSIONAL SERVICES CONTRACT TO DESIGN A PORTION OF THE WEST LITTLE LLAGAS CREEK BIKE TRAIL**52
Recommended Action(s): Authorize the City Manager to Execute a Consultant Agreement to Prepare Plans and Specifications for the Design of a Portion of the West Little Llagas Creek Bike Trail with Questa Engineering Corporation, Subject to Review and Approval by the City Attorney

11. **FINAL MAP APPROVAL FOR PEAR TREE ESTATES (TRACT 9641)**53
Recommended Action(s):
 1. **Approve** the Final Map, Subdivision Agreement and Improvement Plans;
 2. **Authorize** the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and
 3. **Authorize** the Recordation of the Map and the Subdivision Improvement Agreement, Following Recordation of the Development Improvement Agreement.

12. **ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR DEWITT-LATALA**54
Recommended Action(s):
 1. **Adopt** the Resolution Accepting the Public Improvements for DeWitt-Latala; and
 2. **Direct** the City Clerk to File a Notice of Completion with the County Recorder's Office.

13. **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9478, MONTE VILLA PHASE III**57
Recommended Action(s):
 1. **Adopt** Resolution Accepting the Subdivision Improvements Included in Tract 9478, Commonly Known as Monte Villa Phase III; and
 2. **Direct** the City Clerk to File a Notice of Completion with the County Recorder's Office.

14. **INDOOR RECREATION CENTER PROJECT – AUTHORIZE ADDITIONAL SERVICES FOR CONSTRUCTION CONSULTANT**60
Recommended Action(s): Authorize the City Manager to Execute a First Amendment to the Professional Services Agreement with Biggs Cardosa Associates in the Amount of \$30,000, for a Total Fee Not to Exceed \$115,000; Subject to Review and Approval by the City Attorney.

15. **APPROVE CONSULTANT AGREEMENT FOR DESIGN OF TRUNK SEWER LINE #2 – PHASE 1**61
Recommended Action(s): Authorize the City Manager to Execute a Consultant Agreement with Schaaf & Wheeler for the Design of a New Trunk Sewer Line #2 – Phase 1 for a Fee not to Exceed \$232,422.

16. **LOT LINE ADJUSTMENT PARCEL MAP APPROVAL FOR SUTTERHILL, LLC**62
Recommended Action(s):
 1. **Approve** the Lot Line Adjustment Parcel Map, Including the Abandonment of a Water Line Easement and Sanitary Sewer Easement on the Property; and
 2. **Authorize** the Recordation of the Map.

Time Estimate

Consent Calendar: 1 - 10 Minutes

Page

17. **AWARD OF TENNANT AVENUE WIDENING PROJECT**63
Recommended Action(s):
 1. **Appropriate** \$120,000 from the Current Year Un-Appropriated Traffic Impact Fee Fund Balance (309) into the Project Account (507B99); and
 2. **Award** Contract to Wattis Construction Company, Inc. for the Construction of the Tennant Avenue Widening Project in the Amount of \$656,335; and
 3. **Authorize** Expenditure of Construction Contingency Funds, Not to Exceed \$65,633.

18. **NEW POSITION – SENIOR BUSINESS ASSISTANCE AND HOUSING SERVICES (BAHS) COORDINATOR**64
Recommended Action(s):
 1. **Approve** the Job Description and Salary Range for a New Position of Senior BAHS Coordinator; and
 2. **Adopt** the Resolution Amending the Management, Professional and Confidential Employees Resolution No. 5872 to Include the New Position and Salary Range of Senior BAHS Coordinator.

19. **RESOLUTION PROVIDING AMENDED SALARY RATES FOR RESERVE POLICE OFFICERS**67
Recommended Action(s): **Adopt** Resolution Amending the Temporary/Seasonal Employee Resolution No. 5892 to Change the Salary Rates for Level I Reserve Police Officer and Level II Reserve Police Officer.

20. **FOURTH AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP**69
Recommended Action(s): **Authorize** the City Manager to Execute a Fourth Amendment to Agreement with the Law Firm of Jorgenson, Siegel, McClure & Flegel, LLP; Subject to Review and Approval by the City Attorney.

21. **AGREEMENTS WITH PACIFIC MUNICIPAL CONSULTANTS AND FRY’S ELECTRONICS REGARDING PREPARATION OF A SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT OR AN ADDENDUM TO THE ENVIRONMENTAL IMPACT REPORT FOR AN AMENDMENT TO A PLANNED UNIT DEVELOPMENT FOR THE AMERICAN INSTITUTE OF MATHEMATICS FACILITY**70
Recommended Action(s): **Authorize** the City Manager to Execute an Agreement between the City of Morgan Hill and Pacific Municipal Consultants (PMC), and an Agreement between the City of Morgan Hill and Fry’s Electronics; Subject to Review and Approval by the City Attorney.

22. **STATUS REPORT ON AGREEMENT WITH THE YMCA OF SANTA CLARA VALLEY FOR OPERATING THE COMMUNITY RECREATION CENTER**71
Recommended Action(s): **Accept** Report.

23. **AWARD OF DEPOT STREET UNDERGROUNDING UTILITIES PROJECT**72
Recommended Action(s):
 1. **Award** Contract to West Valley Construction for the Construction of the Depot Street Undergrounding Utilities Project in the Amount of \$780,810, Subject to Review and Approval by the City Attorney; and
 2. **Authorize** Expenditure of Construction Contingency Funds, Not to Exceed \$78,081.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 24-26

	Time Estimate		Page
	Consent Calendar: 1 - 10 Minutes		
24.	<u>POLICY REGARDING CITY COUNCIL AND REDEVELOPMENT AGENCY MEETING SCHEDULE</u>		73
	<u>Recommended Action(s): Adopt</u> Policy, if Deemed Appropriate.		
25.	<u>APPROVE JOINT REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF FEBRUARY 22, 2006</u>		74
26.	<u>APPROVE JOINT REGULAR AND SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF MARCH 1, 2006</u>		85

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
27.	10 Minutes	<u>ZONING AMENDMENT, ZAA-04-11: COCHRANE-TBI</u>	106
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- <u>Approve</u> Addendum to the Mitigated Negative Declaration.	
		Action- <u>Motion to Waive</u> the Reading in Full of Ordinance.	
		Action- <u>Motion to Introduce</u> Ordinance by Title Only. (Roll Call Vote)	
28.	30 Minutes	<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ALLOCATION (FY 2006-2007)</u>	125
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- <u>Adopt</u> Resolution for Appropriation of Fiscal Year 2006-2007 CDBG Funds; and	
		Action- <u>Authorize</u> the City Manager to do Everything Necessary for the Implementation of the CDBG Program, Including Execution of all Required Contracts.	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
29.	10 Minutes	<u>COMMUNITY PARK IMPROVEMENTS PHASE 1 – APPROVE PARKS AND RECREATION COMMISSION RECOMMENDATION FOR ADDITIONAL FUNDING</u>	128
		Recommended Action(s): <u>Approve</u> the Parks and Recreation Commission's Recommendation to Allocate Additional Funding of \$220,000 from the Unappropriated Park Maintenance Fund Balance, and \$414,300 from the Unappropriated Park Development Impact Fee Fund Balance to the Project to Complete the Phase 1 Improvements Consistent with the Community Park Master Plan.	
30.	5 Minutes	<u>OUTSIDE AGENCY ASSIGNMENTS</u>	129
		Recommended Action(s):	
		1. <u>Finalize</u> the Current List of Assignments and Appointments;	
		2. Mayor to <u>Appoint</u> Council Members to Outside Agencies, Subject to Council Approval; and	
		3. <u>Direct</u> the City Clerk to Notify the Appropriate Agencies of Remaining Assignments.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

Redevelopment Agency Action and City Council Action

CLOSED SESSION:

1.

CONFERENCE WITH LABOR NEGOTIATOR:

Authority: Government Code Section 54957.6

Agency Negotiators: City Manager; Human Resources Director

Employee Organizations: Morgan Hill Police Officers Association

Employees Covered under Management Resolution #5872, as amended

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

ADJOURNMENT

PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Following the opening of Council/Agency business, the public may present comments on items *NOT* appearing on the agenda that are within the Council's/Agency's jurisdiction. Should your comments require Council/Agency action, your request will be placed on the next appropriate agenda. No Council/Agency discussion or action may be taken until your item appears on a future agenda. You may contact the City Clerk/Agency Secretary for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your presentation to three (3) minutes.

PUBLIC COMMENTS ON ITEMS APPEARING ON AGENDA

The Morgan Hill City Council/Redevelopment Agency welcomes comments from all individuals on any agenda item being considered by the City Council/Redevelopment Agency. Please complete a Speaker Card and present it to the City Clerk/Agency Secretary. This will assist the Council/Agency Members in hearing your comments at the appropriate time. Speaker cards are available on the table in the foyer of the Council Chambers. In accordance with Government Code 54953.3 it is not a requirement to fill out a speaker card in order to speak to the Council/Agency. However, it is very helpful to the Council/Agency if speaker cards are submitted. As your name is called by the Mayor/Chairman, please walk to the podium and speak directly into the microphone. Clearly state your name and address and then proceed to comment on the agenda item. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the City Council/Agency Commission are limited to three minutes. We appreciate your cooperation.

NOTICE

AMERICANS WITH DISABILITIES ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City. If you need special assistance to access the meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation. Please make your request at least 48 hours prior to the meeting to enable staff to implement reasonable arrangements to assure accessibility to the meeting.

If assistance is needed regarding any item appearing on the City Council/Agency Commission agenda, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.

NOTICE

Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council/Agency Commission at, or prior to the Public Hearing on these matters.

NOTICE

The time within which judicial review must be sought of the action by the City Council/Agency Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: March 22, 2006

FEBRUARY 2006 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of February 2006. The report covers activity for the first eight months of the 2005/2006 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

February 28, 2006 – 67% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF FEBRUARY 2006 - 67% OF YEAR COMPLETE

Revenues

Through February 28, the Redevelopment Agency received \$11,569,092 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of February 28, 2006, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$106,482,114, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2005/2006 were collected under the plan amendment.

An amount of \$2,848,184 in interest earnings and other income was received through January. This total included \$650,000 received by the Agency for the sale of the old police facility, included \$658,000 in loan repayments received from Hospira and Johnson Lumber, and included \$267,000 in revenue from the County Library toward the cost of the new Library design. The Agency also received \$276,000 in December, as part of this total, from the sale of a below market rate housing unit. Certain additional interest earnings for January and February have not yet been apportioned, but will be following the quarter ending March 31.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$23,767,385 and were 69% of budget. Of this total, \$12,783,098 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 32% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 62% of budget. Through February, CIP project expenditures totaled \$8,430,245, including approximately \$188,000 on Aquatics improvements, \$812,000 on the Library, \$7,058,000 on the Indoor Recreation Center, and \$345,000 on Tennant Avenue Widening. In addition, the Agency spent \$358,000 moving the Acton House/Museum and \$875,000 on the County Court House.

Expenditures plus encumbrances for Housing were at 39% of the budget for a total of \$3,980,265. This included approximately \$343,000 in funding for the Watsonville Road Housing Project, \$970,000 for the Royal Court Housing loan, and \$1,140,000 for the Casa Diana purchase. All of the 2005/06 housing related expenditures has been funded with tax increment collected under the plan amendment.

Fund Balance

The unreserved fund balance of negative (\$388,731) for the Capital Projects Fund at February 28, 2006, consisted entirely of monies collected under the plan amendment. The unreserved fund balance does not reflect future obligations to pay an additional \$1.75 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If these future commitments are subtracted from the negative (\$388,731), the remaining unreserved fund balance at February 28 would be a negative (\$3,748,731). However, these commitments are expected to be paid out over the next several years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at February 28 was \$12,168,713.

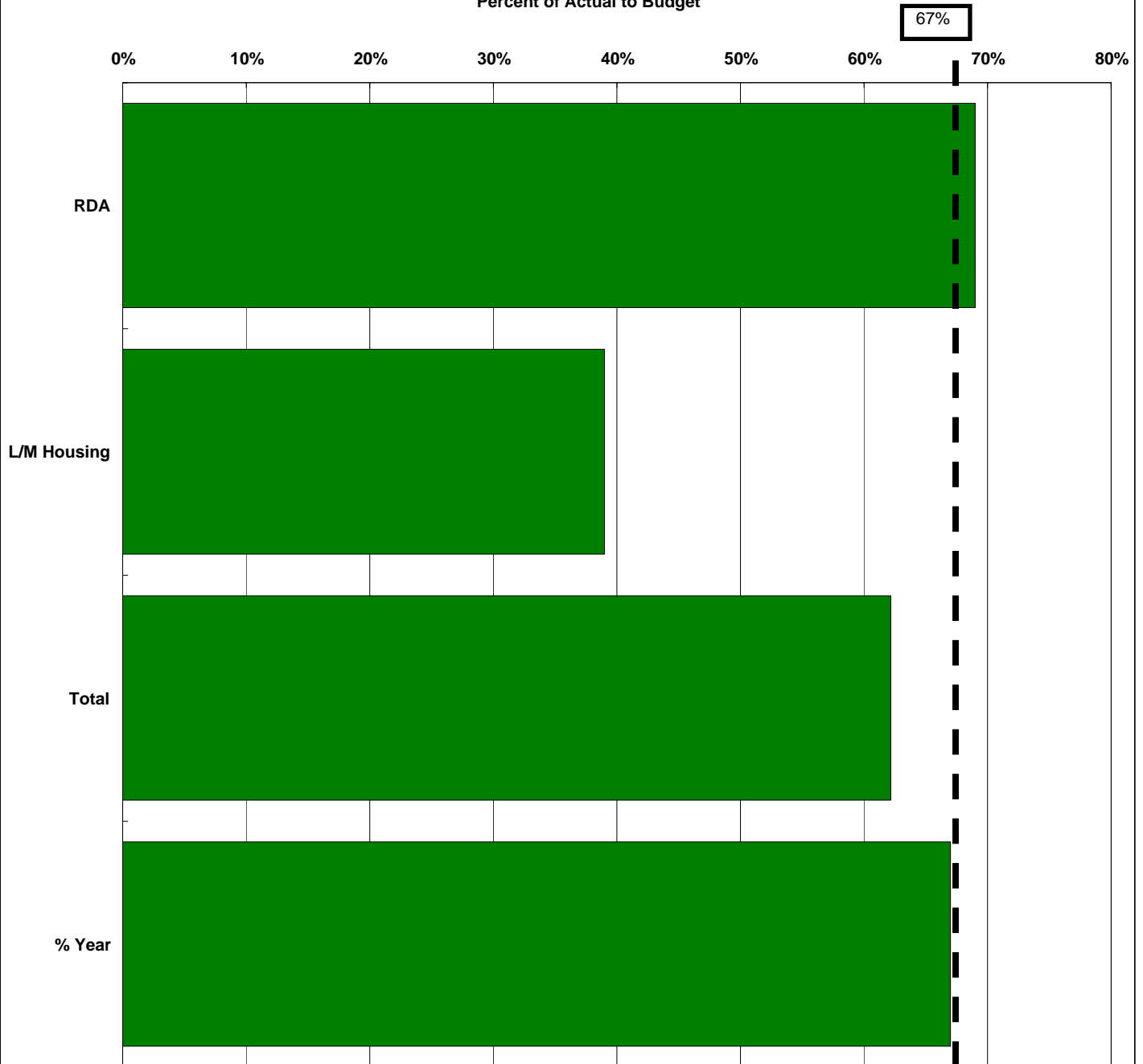
The unreserved fund balance of \$5,724,554 for the Housing Fund at February 28 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Expenditures

February 28 , 2006

Percent of Actual to Budget

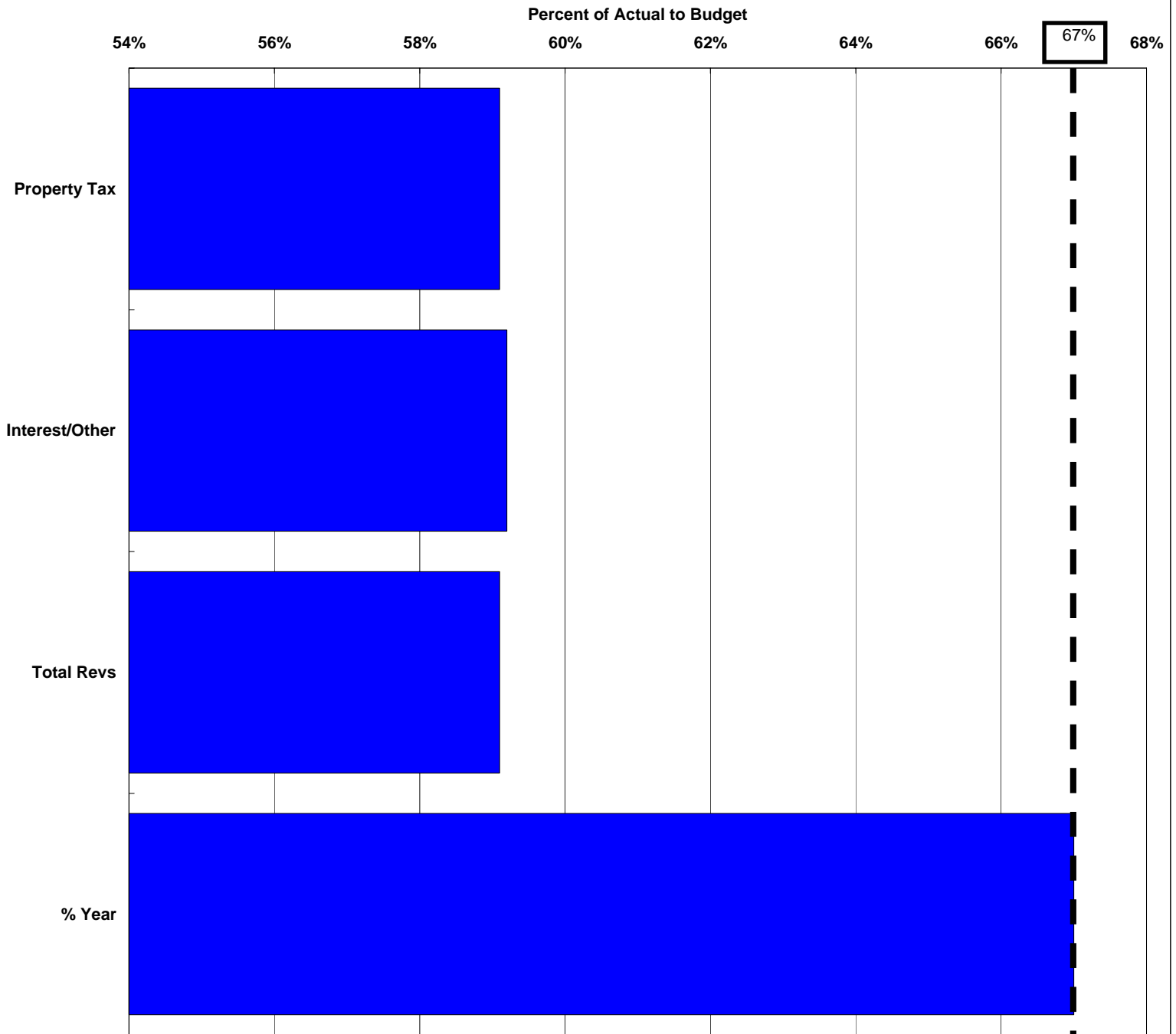


Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$34,437,280	\$23,767,385	69%
HOUSING	10,209,748	3,980,265	39%
TOTALS	\$44,647,028	\$27,747,650	62%



Redevelopment Agency YTD Revenues

February 28, 2006



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$19,571,636	\$11,569,092	59%	\$10,556,349	10%
INTEREST INCOME/RENTS/OTHER	\$4,808,397	\$2,848,184	59%	\$373,758	662%
TOTALS	\$24,380,033	\$14,417,276	59%	\$10,930,107	32%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2005/06
 For the Month of February 2006
 67% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$12,182,379	11,267,323	56%	10,984,287	32%	283,036	12,854,146	(388,731)	\$12,168,713	
327/328	HOUSING	\$6,764,866	3,149,953	71%	3,671,390	36%	(521,437)	518,875	\$5,724,554	\$6,297,693	
TOTAL CAPITAL PROJECT FUNDS		\$18,947,245	14,417,276	59%	14,655,677	33%	(238,401)	13,373,021	5,335,823	18,466,407	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$18,947,245	14,417,276	59%	14,655,677	33%	(238,401)	13,373,021	5,335,823	18,466,407	
TOTAL ALL GROUPS		\$18,947,245	14,417,276	59%	14,655,677	33%	(238,401)	13,373,021	5,335,823	18,466,407	
TOTAL CASH AND INVESTMENTS										18,466,407	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	8,992,848	59%	8,213,670	779,178	9%
Loan Proceeds	4,500,000	4,500,000	716,235	16%	-	-	n/a
Interest Income, Rents	297,947	297,947	525,378	176%	98,491	426,887	433%
Other Agencies/Current Charges	-	-	1,032,862	n/a	153,517	879,345	573%
TOTAL CAPITAL PROJECTS	19,967,408	19,967,408	11,267,323	56%	8,465,678	2,801,645	33%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	2,576,244	59%	2,342,679	233,565	10%
Interest Income, Rent	10,450	10,450	170,796	1634%	120,980	49,816	41%
Other	-	-	402,913	na	770	402,143	52226%
TOTAL HOUSING	4,412,625	4,412,625	3,149,953	71%	2,464,429	685,524	28%
TOTAL CAPITAL PROJECTS FUNDS	24,380,033	24,380,033	14,417,276	59%	10,930,107	3,487,169	32%



Redevelopment Agency
Year to Date Expenses - Fiscal Year 2005/2006
For the Month of February 2006
67% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET	PRIOR YTD
317 CAPITAL PROJECTS								
	BAHS Administration	120,244	1,638,740	969,303	46,832	1,016,135	62%	820,811
	BAHS Economic Development	65,891	4,135,252	1,584,739	285,117	1,869,856	45%	1,574,240
	BAHS CIP	<u>107,237</u>	<u>28,663,288</u>	<u>8,430,245</u>	<u>12,451,149</u>	<u>20,881,394</u>	<u>73%</u>	<u>3,070,106</u>
	TOTAL CAPITAL PROJECTS	<u>293,372</u>	<u>34,437,280</u>	<u>10,984,287</u>	<u>12,783,098</u>	<u>23,767,385</u>	<u>69%</u>	<u>5,465,157</u>
327 AND 328 HOUSING								
	Housing	<u>543,373</u>	<u>10,209,748</u>	<u>3,671,390</u>	<u>308,875</u>	<u>3,980,265</u>	<u>39%</u>	<u>2,264,503</u>
	TOTAL HOUSING	<u>543,373</u>	<u>10,209,748</u>	<u>3,671,390</u>	<u>308,875</u>	<u>3,980,265</u>	<u>39%</u>	<u>2,264,503</u>
	TOTAL CAPITAL PROJECT FUND:	836,745	44,647,028	14,655,677	13,091,973	27,747,650	62%	7,729,660



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	12,168,713	6,297,693
Accounts Receivable	295,186	
Loans Receivable ¹	4,282,886	33,128,112
Advance to Other Funds		
Fixed Assets ²	71,049	210,000
Other Assets		
Total Assets	16,817,834	39,635,805
LIABILITIES		
Accounts Payable and Accrued Liabilities	51,106	38,834
Deferred Revenue ³	4,301,313	33,353,542
Accrued Vacation and Comp Time		
Total liabilities	4,352,419	33,392,376
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	12,783,097	308,875
Advance to Other Funds		
Properties Held for Resale	71,049	210,000
Loans and Notes Receivable		
Total Reserved Fund balance	12,854,146	518,875
Unreserved Fund Balance	(388,731)	5,724,554
Total Fund Balance	12,465,415	6,243,429
Total Liabilities and Fund Balance	16,817,834	39,635,805

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

FEBRUARY 2006 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended February 28, 2006. The report covers the first eight months of activity for the 2005/2006 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 2

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
February 28, 2006 – 67% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF FEBRUARY 2006 - 67% OF YEAR COMPLETE

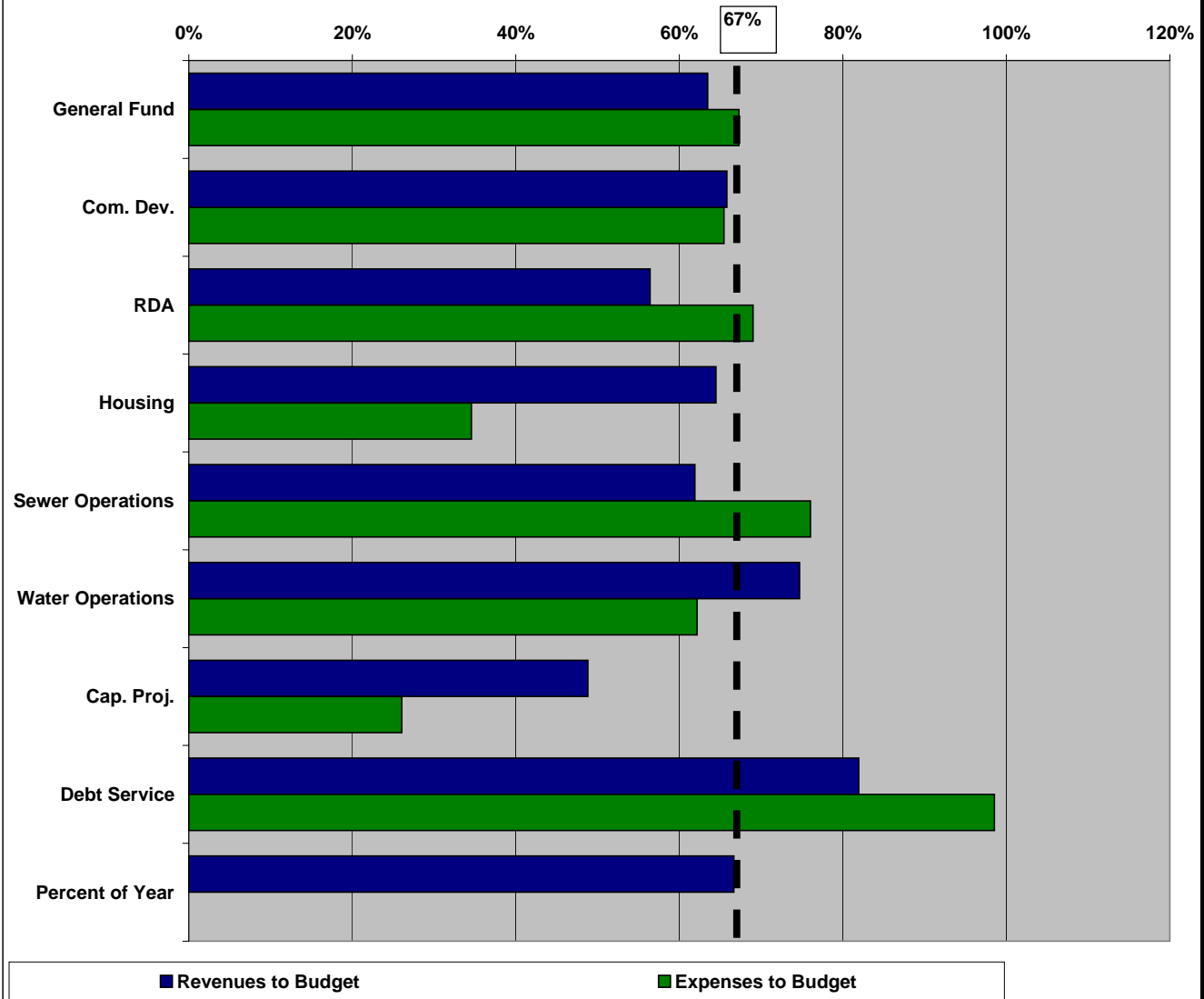
This analysis of the status of the City's financial situation reflects 67% of the year.

- * **General Fund** - The revenues received in the General Fund were approximately 64% of the budgeted revenues. A total of \$3,275,451, or 67% of the budget, in property related taxes has been received by the City. Property tax receipts included \$1,010,000 in motor vehicle in-lieu backfill revenue that was received in January. The amount of Sales Tax collected was 70% of the sales tax revenue budget and was 20% more than the amount collected for the same period last year. Sales tax receipts in February included \$781,000 related to triple flip legislation and withheld from previous sales tax collections. Business license and other permit collections through December were 99% of the budgeted amount. Most of the business license renewal fees were due in July; therefore the higher percentage of budget collected early in the year is normal. Motor Vehicle-in-Lieu revenues were \$294,879, or 156% of the budgeted amount. Interest & Other Revenue was 62% of budget and did not reflect certain January and February interest earnings that will be posted in April as part of earnings for the quarter ending March 31.
- * The General Fund expenditures and encumbrances to date totaled 67% of the budgeted appropriations. The outstanding encumbrances in several activities were encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year. The higher balances expended in the Administration budgets for the City Attorney, Cable Television, and Communications & Marketing related to contracts encumbered early in the fiscal year.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives TOT on a quarterly basis. Taxes through December 31 totaled \$528,569, or 54% of the budget, and 9% more than the prior year amount. Taxes for the months of January and February have not yet been received and will be collected by the City after the end of the quarter ending March 31.
- * **Community Development** - Revenues were 66% of budget, which was 25% less than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 62% of budget; Building has expended or encumbered 68% of budget and Engineering 67%. Community Development has expended or encumbered a combined total of 65% of the 2005/06 budget, including \$308,789 in encumbrances. If encumbrances were excluded, Community Development would have spent only 57% of the combined budget.
- * **RDA and Housing** – A total of \$11,569,092, or 59% of the budget, in property tax increment revenues has been received as of February 28, 2006. Expenditures plus encumbrances totaled 62% of budget. If encumbrances totaling \$16,454,487 were excluded, the RDA would have spent only 33% of the combined budget.
- * **Water and Sewer Operations**- Water Operations revenues, including service fees, were 75% of budget. Expenditures totaled 62% of appropriations. Sewer Operations revenues, including service fees, were 47% of budget. Expenditures for sewer operations were 76% of budget. This higher percentage resulted from large debt service payments made in July and January.
- * **Investments maturing/called/sold during this period.** – During the month of February, no significant investment activity occurred. Further details of investments are included on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

February 28, 2006 – 67% Year Complete



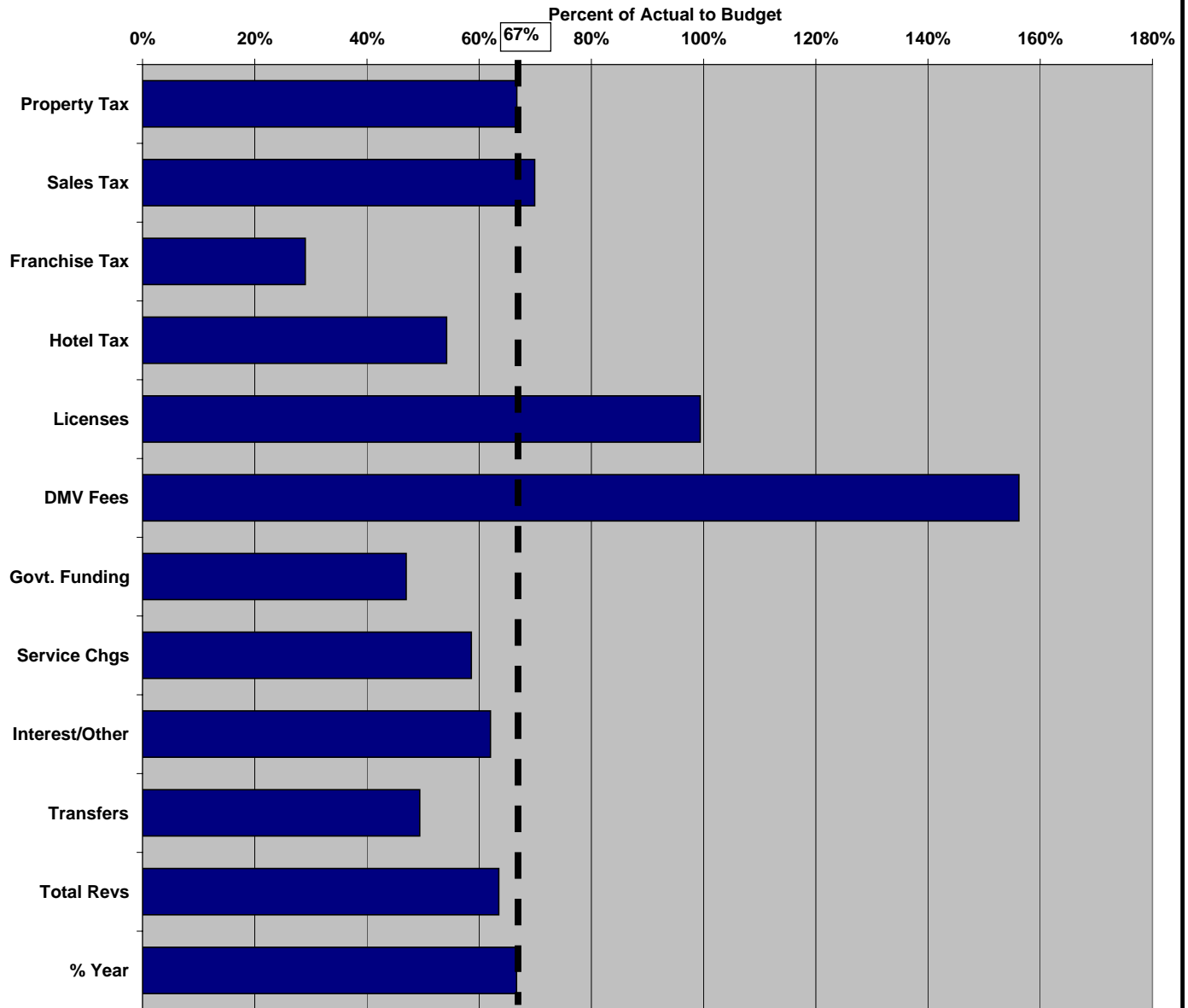
FUND NAME	REVENUES		EXPENSES		02/28/2006 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$11,890,157	63%	\$13,664,155	67%	\$8,180,608
Community Development	1,989,742	66%	2,432,879	65%	1,922,880
RDA	11,267,323	56%	23,767,384	69%	(388,731)
Housing/CDBG	3,166,115	64%	4,296,651	35%	5,091,914
Sewer Operations	3,673,438	62%	5,203,814	76%	1,317,563
Sewer Other	2,473,439	107%	3,059,994	68%	12,643,067
Water Operations	5,716,422	75%	5,523,256	62%	4,316,671
Water Other	912,038	58%	3,021,470	35%	1,545,855
Other Special Revenues ¹	854,261	68%	677,558	24%	5,156,248
Capital Projects & Streets Funds	4,860,381	49%	4,255,850	26%	26,963,371
Debt Service Funds	595,782	82%	704,435	99%	755,143
Internal Service	3,492,180	63%	2,904,979	57%	6,054,002
Agency	1,570,592	66%	2,079,060	91%	4,001,682
TOTAL FOR ALL FUNDS	\$52,461,870	62%	\$71,591,485	59%	\$77,560,274

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

February 28, 2006 – 67% Year Complete

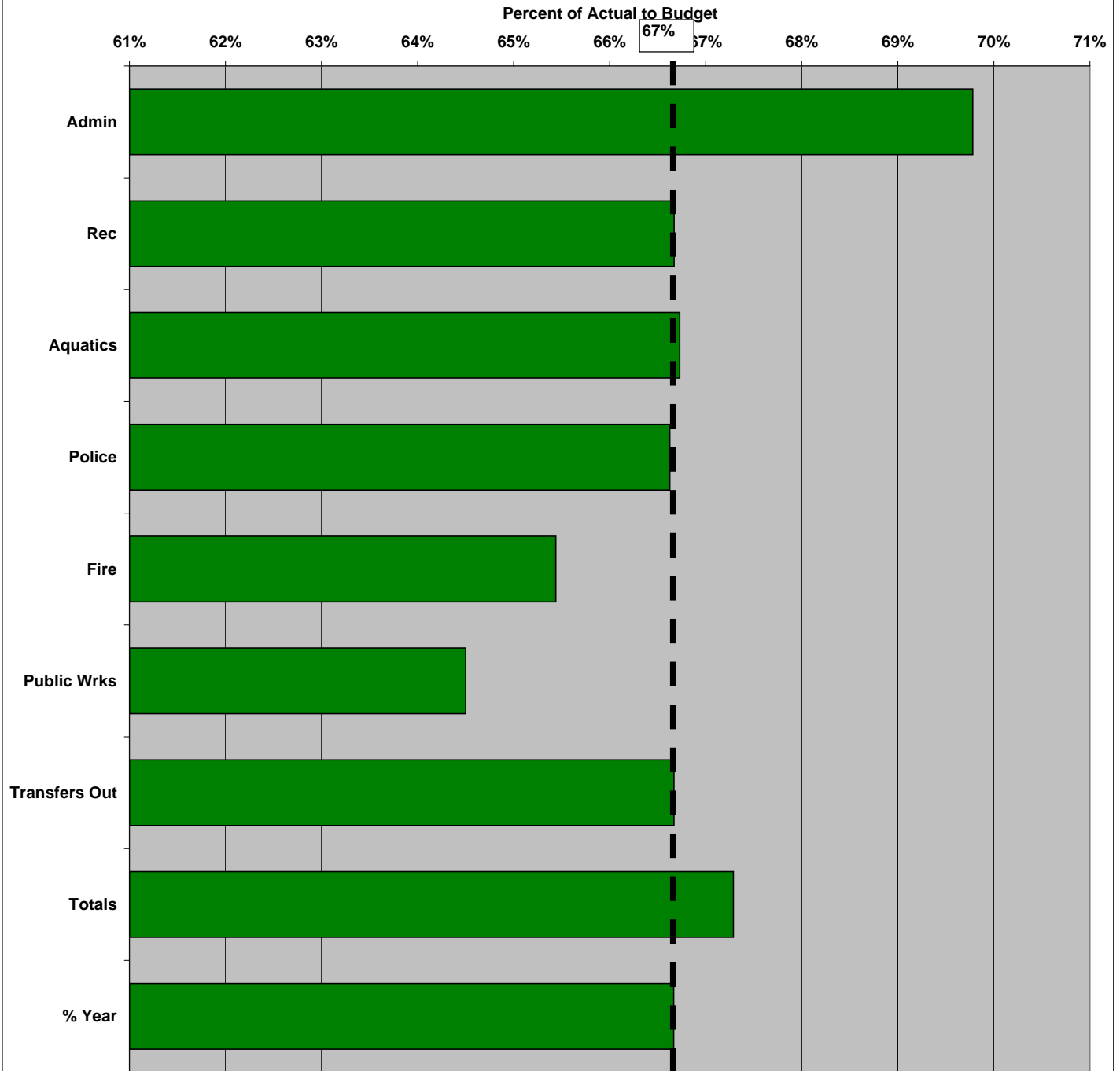


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$4,911,595	\$3,275,451	67%	\$2,727,590	20%
SALES TAXES	\$5,724,600	\$3,999,474	70%	\$3,336,232	20%
FRANCHISE FEE	\$1,030,700	\$298,898	29%	\$290,105	3%
HOTEL TAX	\$974,560	\$528,569	54%	\$483,174	9%
LICENSES/PERMITS	\$161,680	\$160,765	99%	\$153,834	5%
MOTOR VEHICLE IN LIEU	\$188,776	\$294,879	156%	\$180,551	63%
FUNDING - OTHER GOVERNMENTS	\$246,400	\$115,840	47%	\$118,225	-2%
CHARGES CURRENT SERVICES	\$3,890,825	\$2,279,081	59%	\$2,245,232	2%
INTEREST & OTHER REVENUE	\$1,151,300	\$713,900	62%	\$636,384	12%
TRANSFERS IN	\$451,865	\$223,300	49%	\$206,650	8%
TOTALS	\$18,732,301	\$11,890,157	64%	\$10,377,977	15%



Morgan Hill YTD General Fund Expenditures

February 28, 2006 – 67% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	3,299,885	2,451,129	70%
RECREATION/CCC	1,688,751	1,072,736	67%
AQUATICS	1,403,838	936,776	67%
POLICE	8,815,340	5,873,347	67%
FIRE	4,377,495	2,864,587	65%
PUBLIC WORKS	711,485	458,913	65%
TRANSFERS OUT	10,000	6,667	67%
TOTALS	\$ 20,306,794	\$ 13,664,155	67%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$9,954,606	\$11,890,157	63%	\$13,164,137	65%	(\$1,273,980)	\$500,018	\$8,180,608	\$8,308,689	\$7,472
TOTAL GENERAL FUND		\$9,954,606	\$11,890,157	63%	\$13,164,137	65%	(\$1,273,980)	\$500,018	\$8,180,608	\$8,308,689	\$7,472
202	STREET MAINTENANCE	\$1,269,242	\$937,769	20%	\$1,456,137	26%	(\$518,368)	\$300,885	\$449,989	\$752,141	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$256,490	\$104,000	96%	\$117,013	67%	(\$13,013)		\$243,477	\$243,476	
206	COMMUNITY DEVELOPMENT	\$2,366,017	\$1,989,742	66%	\$2,124,090	57%	(\$134,348)	\$308,789	\$1,922,880	\$2,337,299	
207	GENERAL PLAN UPDATE	\$326,302	\$182,950	81%	\$48,279	14%	\$134,671	\$60,276	\$400,697	\$462,410	
210	COMMUNITY CENTER	\$203,282	\$3,322	95%		n/a	\$3,322		\$206,604	\$206,603	
215 / 216	CDBG	152,202	\$16,162	3%	\$77,885	12%	(\$61,723)	723,119	(\$632,640)	\$91,907	
225	ASSET SEIZURE	\$8,930	\$142	9%	\$300	n/a	(\$158)		\$8,772	\$8,771	
229	LIGHTING AND LANDSCAPE	(\$4,556)	\$76,399	55%	\$110,183	81%	(\$33,784)	\$24,762	(\$63,102)	(\$37,177)	
232	ENVIRONMENTAL PROGRAMS	\$779,095	\$258,186	46%	\$218,504	46%	\$39,682	\$54,678	\$764,099	\$825,047	
234	MOBILE HOME PK RENT STAB.	\$167,364	\$8,476	86%	\$988	20%	\$7,488		\$174,852	\$174,734	
235	SENIOR HOUSING	\$250,448	\$4,050	59%	\$3,275	4%	\$775		\$251,223	\$251,223	
236	HOUSING MITIGATION	\$2,335,762	\$189,465	135%	6,352	0%	\$183,113	8,648	\$2,510,227	\$2,518,875	
240	EMPLOYEE ASSISTANCE	\$75,939	\$18,171	42%	18,620	32%	(\$449)		\$75,490	\$74,496	
247	ENVIRONMENT REMEDIATION	\$580,489	9,100	107%	5,680	4%	\$3,420		\$583,909	\$558,908	
TOTAL SPECIAL REVENUE FUNDS		\$8,767,006	\$3,797,934	40%	\$4,187,306	33%	(\$389,372)	\$1,481,157	\$6,896,477	\$8,468,715	
301	PARK DEV. IMPACT FUND	\$4,030,817	\$1,019,699	125%	\$128,536	5%	\$891,163	\$149,331	\$4,772,649		\$4,923,231
302	PARK MAINTENANCE	\$3,554,129	\$185,039	45%	\$76,013	41%	\$109,026	\$3,812	\$3,659,343	\$3,662,246	
303	LOCAL DRAINAGE	\$3,799,031	\$294,929	23%	\$11,862	1%	\$283,067		\$4,082,098		\$4,082,099
304	LOCAL DRAINAGE/NON-AB1600	\$3,456,214	\$147,487	41%	\$91,670	7%	\$55,817	\$6,501	\$3,505,530	\$3,432,032	
306	OPEN SPACE	\$1,249,785	\$220,000	129%	2,139		\$217,861	\$10,000	\$1,457,646	\$1,468,554	
309	TRAFFIC IMPACT FUND	\$3,319,523	\$1,106,406	98%	\$340,591	17%	\$765,815	\$687,227	\$3,398,111		\$4,101,476
311	POLICE IMPACT FUND	\$177,081	\$100,499	95%	\$242,117	93%	(\$141,618)	\$10,000	\$25,463		\$35,463
313	FIRE IMPACT FUND	\$2,516,441	\$129,337	66%	\$919	0%	\$128,418		\$2,644,859		\$2,644,860
317	REDEVELOPMENT AGENCY	12,182,379	\$11,267,323	56%	\$10,984,287	32%	\$283,036	12,854,146	(\$388,731)	\$12,168,713	
327 / 328	HOUSING	6,764,866	\$3,149,953	71%	\$3,671,390	36%	(\$521,437)	518,875	\$5,724,554	\$6,297,693	
340/342	MORGAN HILL BUS.RANCH I & II	24,491	\$398	13%	-		\$398	-	\$24,889	\$24,889	
346	PUBLIC FACILITIES NON-AB1600	\$786,512	\$340,267	149%	169,891		\$170,376	\$390,770	\$566,118	\$950,308	\$48,452
347	PUBLIC FACILITIES IMPACT FUND	504,550	\$203,352	262%	\$50,316	71%	\$153,036	19,566	\$638,020		\$657,585
348	LIBRARY IMPACT FUND	\$575,154	\$115,959	94%	\$135	67%	\$115,824		\$690,978		\$690,980
350	UNDERGROUNDING	1,022,340	(8,390)	-4%	\$10,071	1%	(\$18,461)	107,361	\$896,518	\$1,007,339	
360	COMM/REC CTR IMPACT FUND	\$83,530	67,630	-4%		1%	\$67,630		\$151,160	\$151,160	
TOTAL CAPITAL PROJECT FUNDS		\$44,046,843	\$18,339,888	62%	\$15,779,937	28%	\$2,559,951	\$14,757,589	\$31,849,205	\$29,162,934	\$17,184,145
441	POLICE FACILITY BOND DEBT	\$456,374	491,442	n/a	483,774		\$7,668		\$464,042	\$2,047	\$461,996
545	COCHRANE BUSINESS PARK	\$372,751	89,530	40%	190,719	82%	(\$101,189)		\$271,562	\$90,612	\$180,950
551	JOLEEN WAY	\$34,671	\$14,810	40%	\$29,942	82%	(\$15,132)		\$19,539	\$2,290	\$17,250
TOTAL DEBT SERVICE FUNDS		\$863,796	\$595,782	82%	\$704,435	99%	(\$108,653)		\$755,143	\$94,948	\$660,196



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$13,448,714	\$3,673,438	62%	\$5,071,259	74%	(\$1,397,821)	\$10,733,330	\$1,317,563	\$1,093,286	\$1,895,090
641	SEWER IMPACT FUND	11,397,916	\$1,898,614	100%	\$1,823,085	53%	\$75,529	4,858,968	\$6,614,477		\$6,652,199
642	SEWER RATE STABILIZATION	\$4,573,148	\$547,138	459%	\$1,409	67%	\$545,729		\$5,118,877	\$5,118,877	
643	SEWER-CAPITAL PROJECTS	9,525,501	\$27,687	9%	\$458,189	43%	(\$430,502)	8,185,286	\$909,713	\$1,509,914	
650	WATER OPERATIONS	\$23,612,699	\$5,716,422	75%	\$4,912,705	55%	\$803,717	\$20,099,745	\$4,316,671	\$4,316,935	\$390,180
651	WATER IMPACT FUND	3,864,636	\$374,871	66%	\$600,484	28%	(\$225,613)	3,807,632	(\$168,610)		\$3,804,572
652	WATER RATE STABILIZATION	\$26,896	\$467,432	67%	\$328	67%	\$467,104		\$494,000	\$494,000	
653	WATER -CAPITAL PROJECT	9,084,344	\$69,735	23%	\$1,007,512	42%	(\$937,777)	6,926,103	\$1,220,466	\$2,478,673	\$216,632
TOTAL ENTERPRISE FUNDS		\$75,533,854	\$12,775,337	73%	\$13,874,971	56%	(\$1,099,634)	\$54,611,064	\$19,823,157	\$15,011,684	\$12,958,673
730	DATA PROCESSING	482,422	\$169,467	67%	\$155,818	45%	\$13,649	353,896	\$142,175	\$284,773	
740	BUILDING MAINTENANCE	1,045,710	\$1,110,872	67%	\$818,953	59%	\$291,919	55,059	\$1,282,570	\$1,382,318	
745	CIP ADMINISTRATION	23,328	\$799,016	56%	\$813,543	58%	(\$14,527)	38,827	(\$30,026)	\$104,060	
760	UNEMPLOYMENT INS.	\$32,787	\$38,871	67%	\$7,592	14%	\$31,279		\$64,066	\$64,066	
770	WORKER'S COMP.	293,995	\$656,414	71%	\$283,329	37%	\$373,085	-	\$667,080	\$1,381,585	\$40,000
790	EQUIPMENT REPLACEMENT	3,515,756	\$333,004	60%	\$40,059	8%	\$292,945	645,578	\$3,163,123	\$3,307,087	
793	CORPORATION YARD	245,946	\$27,539	17%	\$65,332	na	(\$37,793)	263,649	(\$55,496)	(\$6,694)	
795	GEN'L LIABILITY INS.	\$770,280	\$356,997	70%	\$306,767	63%	\$50,230		\$820,510	\$883,584	
TOTAL INTERNAL SERVICE FUNDS		\$6,410,224	\$3,492,180	63%	\$2,491,393	49%	\$1,000,787		\$6,054,002	\$7,400,780	\$40,000
820	SPECIAL DEPOSITS									\$1,314,113	
843	M.H. BUS. RANCH 1998	\$1,548,382	\$467,506	53%	\$869,824	100%	(\$402,318)		\$1,146,064	\$253,789	\$892,274
844	MH RANCH RSMNT 2004A	\$1,051,368	586,637		\$533,930	90%	\$52,707		\$1,104,075	\$126,566	\$689,322
845	MADRONE BP-TAX EXEMPT	\$1,050,579	\$440,807		\$273,371	62%	\$167,436		\$1,218,015	(\$50,870)	\$1,268,885
846	MADRONE BP-TAXABLE	\$79,119	\$67,684	66%	\$106,582	123%	(\$38,898)		\$40,220	\$17,552	\$22,669
848	TENNANT AVE.BUS.PK A.D.	\$470,489	\$7,618	53%	\$4,485	na	\$3,133		\$473,622	\$473,622	
881	POLICE DONATION TRUST FUND	\$22,028	\$340	53%	\$2,682	na	(\$2,342)		\$19,686		\$19,686
TOTAL AGENCY FUNDS		\$4,221,965	\$1,570,592	66%	\$1,790,874	91%	(\$220,282)		\$4,001,682	\$2,134,772	\$2,892,836
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$9,954,606	\$11,890,157	63%	\$13,164,137	65%	(\$1,273,980)	\$500,018	\$8,180,608	\$8,308,689	\$7,472
SPECIAL REVENUE GROUP		\$8,767,006	\$3,797,934	40%	\$4,187,306	33%	(\$389,372)	\$1,481,157	\$6,896,477	\$8,468,715	
DEBT SERVICE GROUP		\$863,796	\$595,782	82%	\$704,435	99%	(\$108,653)		\$755,143	\$94,948	\$660,196
CAPITAL PROJECTS GROUP		\$44,046,843	\$18,339,888	62%	\$15,779,937	28%	\$2,559,951	\$14,757,589	\$31,849,205	\$29,162,934	\$17,184,145
ENTERPRISE GROUP		\$75,533,854	\$12,775,337	73%	\$13,874,971	56%	(\$1,099,634)	\$54,611,064	\$19,823,157	\$15,011,684	\$12,958,673
INTERNAL SERVICE GROUP		\$6,410,224	\$3,492,180	63%	\$2,491,393	49%	\$1,000,787		\$6,054,002	\$7,400,780	\$40,000
AGENCY GROUP		\$4,221,965	\$1,570,592	66%	\$1,790,874	91%	(\$220,282)		\$4,001,682	\$2,134,772	\$2,892,836
TOTAL ALL GROUPS		\$149,798,294	\$52,461,870	62%	\$51,993,053	43%	\$468,817	\$71,349,828	\$77,560,274	\$70,582,524	\$33,743,322
TOTAL CASH AND INVESTMENTS										\$104,325,846	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF FEBRUARY 2006
FOR THE FISCAL YEAR OF 2005-06

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	3.81%	\$15,781,729		15.13%	\$15,743,255 *
- RDA	RDA	3.81%	\$8,237,393		7.90%	\$8,217,311 *
- Corp Yard	Corp Yard	3.81%	\$54,485		0.05%	\$54,352 *
Federal Issues	All Funds Pooled	3.20%	\$66,247,097		63.50%	\$64,822,280
SVNB CD	All Funds Pooled	3.60%	\$2,000,000		1.92%	\$2,000,000
Money Market	All Funds Pooled	4.28%	\$2,265,609	\$94,586,313	2.17%	\$2,265,609
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,398			
Blackrock Provident Temp Fund		4.17%	\$45,690		1.82%	\$1,895,025
US Bank - 1999 Water C.O.P.						
First American Treasury	Water	3.88%	\$390,180		0.37%	\$393,637
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	4.16%	\$34,840		0.03%	\$34,840
FHLB		4.50%	\$687,267		0.66%	\$694,916
Morgan Stanley Repurchase Agreement		1.64%	\$1,041,779		1.00%	\$1,041,779
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Service	3.93%	\$48,528		0.49%	\$48,528
FNMA	Public Facility	4.28%	\$461,920			\$462,569
US Bank - MH Ranch 98						
First American Treasury Obligation	MH Ranch					
BNY - Madrone Bus Park Tax Exempt	Agency Fund	3.94%	\$892,274		0.86%	\$892,274
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
BNY - Madrone Bus Park Taxable	Agency Fund	3.94%	\$1,269,693		1.22%	\$1,269,693
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
BNY - MH Ranch 2004 A	Agency Fund	3.94%	\$24,432		0.02%	\$24,432
Blackrock Provident Temp Fund	MH Ranch Bus Park					
	Agency Fund	4.17%	\$689,322	\$7,435,323	0.66%	\$689,322
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.44%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$611,169		0.59%	\$611,169
Borel Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$145,569		0.14%	\$145,569 *
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$7,472	\$2,304,210	0.01%	\$7,472
Total Cash and Investments			\$104,325,846	\$104,325,846	100.00%	\$102,854,030
MH Financing Authority Investment in						
MH Ranch AD Imprvmt Bond Series 2004		1.75% to 4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series A		5.82%	<u>\$8,620,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series B		7.07%	<u>\$1,110,000</u>			<u>Unavailable</u>

CASH ACTIVITY SUMMARY
FY 05/06

Fund Type	07/01/05 Balance	Change in Cash Balance	02/28/06 Balance	Restricted	Unrestricted
General Fund	\$10,455,185	(\$2,139,024)	\$8,316,161	\$7,472	\$8,308,689
Community Development	\$2,484,637	(\$147,338)	\$2,337,299	\$0	\$2,337,299
RDA (except Housing)	\$12,565,424	(\$396,711)	\$12,168,713	\$0	\$12,168,713
Housing / CDBG	\$7,048,619	(\$659,020)	\$6,389,599	\$0	\$6,389,599
Water - Operations	\$4,039,659	\$667,456	\$4,707,115	\$390,180	\$4,316,935
Water Other	\$7,876,280	(\$882,402)	\$6,993,878	\$4,021,205	\$2,972,673
Sewer - Operations	\$4,352,715	(\$1,364,339)	\$2,988,376	\$1,895,090	\$1,093,286
Sewer Other	\$13,685,930	(\$404,940)	\$13,280,990	\$6,652,199	\$6,628,791
Other Special Revenue	\$4,926,444	\$360,924	\$5,287,368	\$0	\$5,287,368
Streets and Capital Projects (except RDA)	\$26,522,147	\$2,110,668	\$28,632,815	\$17,184,145	\$11,448,670
Assessment Districts/Debt Service	\$862,668	(\$107,525)	\$755,143	\$660,195	\$94,948
Internal Service	\$6,597,707	\$843,073	\$7,440,780	\$40,000	\$7,400,780
Agency Funds	<u>\$5,329,847</u>	<u>(\$302,238)</u>	<u>\$5,027,609</u>	<u>\$2,892,836</u>	<u>\$2,134,773</u>
Total	\$106,747,262	(\$2,421,416)	\$104,325,846	\$33,743,322	\$70,582,524

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

* Market value as of 01/31/06

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

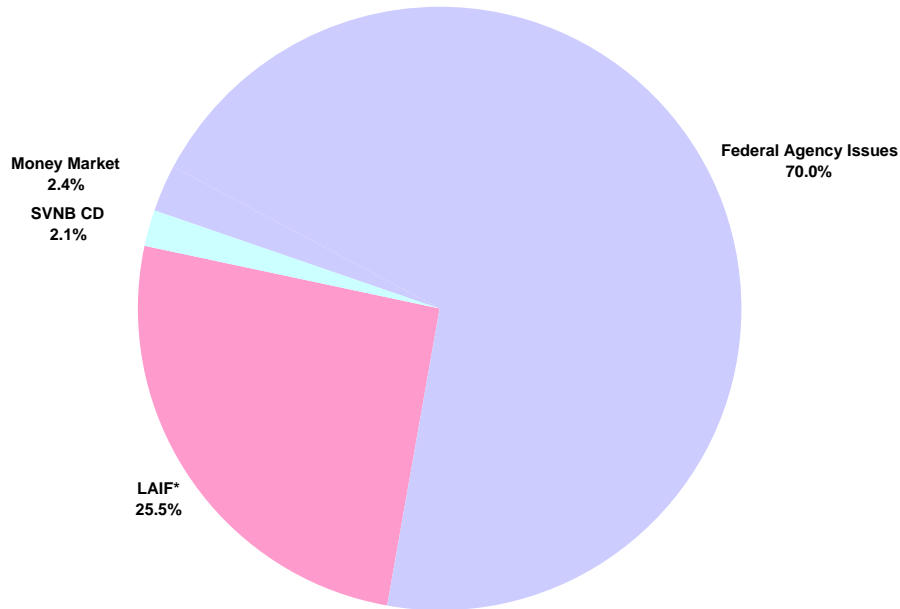
Approved by: _____
 Jack Dilles
 Director of Finance

Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL as of 02/28/06



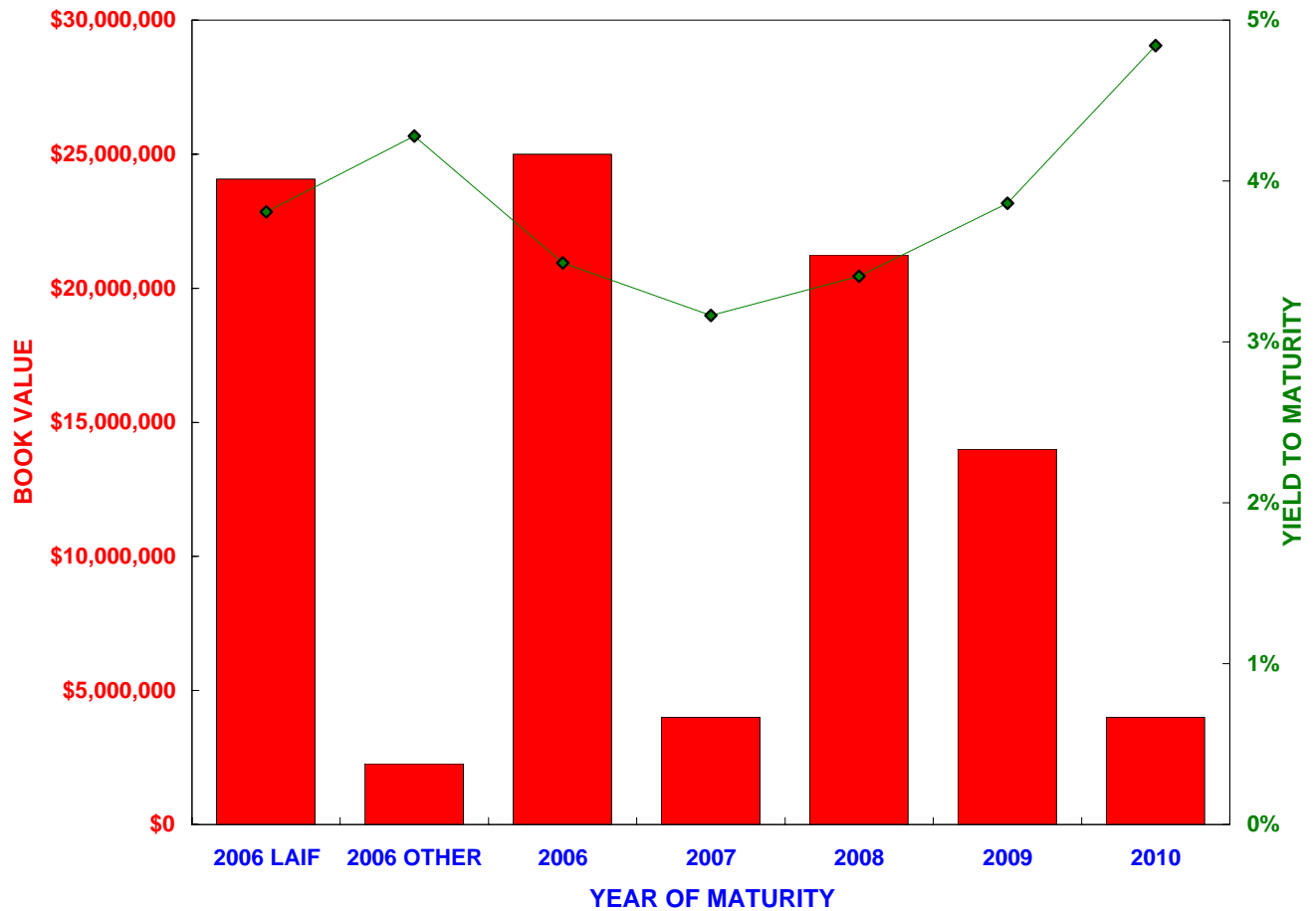
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*									
SVNB CD	07/07/05	\$2,000,000	2.11%	\$2,000,000	3.600%	\$47,400		07/06/07	1.351
Federal Agency Issues									
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.11%	\$1,995,180	2.700%	\$35,966	anytime	04/12/06	0.115
Fed Home Loan Bank	02/26/04	\$2,000,000	2.11%	\$1,989,380	2.563%	\$34,424	05/26/06	05/26/06	0.236
Fed Home Loan Bank	10/26/05	\$4,000,000	4.23%	\$3,988,760	4.125%	\$57,115	07/26/06	07/26/06	0.403
Fed Home Loan Bank	11/29/04	\$2,000,000	2.11%	\$1,982,500	3.076%	\$41,128	05/28/06	08/28/06	0.493
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.11%	\$1,982,420	3.070%	\$40,766	08/30/06	08/30/06	0.499
Fed Home Loan Bank	03/08/05	\$1,999,652	2.11%	\$1,985,620	3.470%	\$46,813	03/08/06	09/08/06	0.523
Fed Home Loan Bank	12/15/04	\$2,000,000	2.11%	\$1,982,500	3.250%	\$43,333	03/15/06	09/15/06	0.542
Fed Home Loan Bank	03/15/05	\$1,000,000	1.06%	\$992,810	3.500%	\$23,375	03/15/06	09/15/06	0.542
Fed Home Loan Bank	12/29/05	\$4,000,000	4.23%	\$3,993,760	4.625%	\$31,511	09/29/06	09/29/06	0.581
Fed Home Loan Bank	03/29/04	\$2,000,000	2.11%	\$1,963,760	2.650%	\$35,363	12/29/06	12/29/06	0.830
Fed Home Loan Bank	03/18/04	\$2,000,000	2.11%	\$1,952,500	3.030%	\$40,463	03/18/06	06/18/07	1.299
Fed Home Loan Bank	03/29/04	\$2,000,000	2.11%	\$1,944,380	3.300%	\$44,039	03/28/06	12/28/07	1.827
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.11%	\$1,946,000	3.500%	\$46,759	03/12/06	03/12/08	2.033
Fed Home Loan Bank	03/26/03	\$2,000,000	2.11%	\$1,940,620	3.375%	\$45,046	anytime	03/26/08	2.071
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.11%	\$1,947,400	3.600%	\$47,950	04/16/06	04/16/08	2.129
Fed Home Loan Mgt Corp	04/17/03	\$1,997,445	2.11%	\$1,948,320	3.625%	\$49,959	04/17/06	04/17/08	2.132
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.11%	\$1,928,120	3.210%	\$42,709	06/03/06	06/03/08	2.260
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.11%	\$1,916,260	2.950%	\$39,242	04/30/06	06/12/08	2.285
Fed Home Loan Bank	07/30/03	\$2,000,000	2.11%	\$1,913,760	3.000%	\$39,779	04/30/06	07/30/08	2.416
Fed Home Loan Bank	07/30/03	\$2,000,000	2.11%	\$1,925,620	3.243%	\$43,359	04/30/06	07/30/08	2.416
Fed Home Loan Bank	07/30/03	\$2,000,000	2.11%	\$1,931,260	3.400%	\$45,083	04/30/06	07/30/08	2.416
Fed Home Loan Bank	08/14/03	\$1,250,000	1.32%	\$1,214,450	3.690%	\$30,580	05/14/06	08/14/08	2.458
Fed Home Loan Bank	10/15/03	\$2,000,000	2.11%	\$1,953,760	4.000%	\$26,640	anytime	10/15/08	2.627
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.11%	\$1,927,500	3.650%	\$48,750	anytime	03/16/09	3.044
Fed Home Loan Bank	03/26/04	\$2,000,000	2.11%	\$1,945,000	4.000%	\$53,388	03/26/06	03/26/09	3.071
Fed Home Loan Bank	04/06/04	\$2,000,000	2.11%	\$1,925,000	3.625%	\$48,294	anytime	04/06/09	3.101
Fed Home Loan Bank	04/07/04	\$2,000,000	2.11%	\$1,923,120	3.600%	\$47,960	04/07/06	04/07/09	3.104
Fed National Mortgage	04/16/04	\$2,000,000	2.11%	\$1,931,260	3.750%	\$49,948	04/06/06	04/16/09	3.129
Fed Home Loan Bank	04/29/04	\$2,000,000	2.11%	\$1,930,000	3.750%	\$49,934	04/29/06	04/29/09	3.164
Fed Home Loan Bank	09/29/05	\$2,000,000	2.11%	\$1,968,760	4.650%	\$39,307	09/29/06	09/29/09	3.584
Fed Home Loan Bank	08/16/05	\$2,000,000	2.11%	\$1,985,000	4.875%	\$52,251	08/16/06	08/16/10	4.463
Fed Farm Credit Bank	08/30/05	\$2,000,000	2.11%	\$1,967,500	4.810%	\$48,361	09/07/07	09/07/10	4.523
Redeemed in FY 05/06						\$53,772			
Sub Total/Average		\$66,247,097	70.04%	\$64,822,280	3.204%	\$1,423,367			2.011
Money Market									
		\$2,265,609	2.40%	\$2,265,609	4.280%	\$14,515			0.003
TOTAL/AVERAGE		\$94,586,313	100.00%	\$93,102,806	3.670%	\$2,052,775			1.389

*Per State Treasurer Report dated 01/31/2006, LAIF had invested approximately 9% of its balance in Treasury Bills and Notes, 23% in CDs, 17% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 51% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES
AS OF FEBRUARY 28, 2006



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2006 LAIF	\$24,073,607	\$24,014,917	3.808%	25.45%
2006 OTHER	\$2,265,609	\$2,265,609	4.280%	2.40%
2006	\$24,999,652	\$24,856,690	3.490%	26.43%
2007	\$4,000,000	\$3,896,880	3.165%	4.23%
2008	\$21,247,445	\$20,565,570	3.408%	22.46%
2009	\$14,000,000	\$13,550,640	3.861%	14.80%
2010	\$4,000,000	\$3,952,500	4.843%	4.23%
TOTAL	\$94,586,314	\$93,102,806	3.670%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	4,356,790	4,356,790	2,807,797	64%	2,364,764	443,033	19%
Supplemental Roll	176,280	176,280	204,648	116%	88,413	116,235	131%
Sales Tax	5,460,000	5,460,000	3,855,526	71%	3,198,269	657,257	21%
Public Safety Sales Tax	264,600	264,600	143,948	54%	137,963	5,985	4%
Transient Occupancy Taxes	974,560	974,560	528,569	54%	483,174	45,395	9%
Franchise (Refuse ,Cable ,PG&E)	1,030,700	1,030,700	298,898	29%	290,105	8,793	3%
Property Transfer Tax	378,525	378,525	263,006	69%	274,413	(11,407)	-4%
TOTAL TAXES	12,641,455	12,641,455	8,102,392	64%	6,837,101	1,265,291	19%
<u>LICENSES/PERMITS</u>							
Business License	159,650	159,650	158,912	100%	152,349	6,563	4%
Other Permits	2,030	2,030	1,853	91%	1,485	368	25%
TOTAL LICENSES/PERMITS	161,680	161,680	160,765	99%	153,834	6,931	5%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	10,000	10,000	13,289	133%	6,781	6,508	96%
City Code Enforcement	53,500	53,500	84,897	159%	34,306	50,591	147%
Business tax late fee/other fines	1,200	1,200	2,776	231%	1,266	1,510	119%
TOTAL FINES AND PENALTIES	64,700	64,700	100,962	156%	42,353	58,609	138%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	188,776	188,776	294,879	156%	180,551	114,328	63%
Other Revenue - Other Agencies	246,400	246,400	115,840	47%	118,225	(2,385)	-2%
TOTAL OTHER AGENCIES	435,176	435,176	410,719	94%	298,776	111,943	37%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	25,000	25,000	18,364	73%	13,895	4,469	32%
Business License Application Review	23,000	23,000	16,061	70%	16,301	(240)	-1%
Recreation Revenue	282,400	282,400	184,710	65%	175,803	8,907	5%
Aquatics Revenue	1,265,400	1,265,400	695,172	55%	727,727	(32,555)	-4%
General Administration Overhead	1,791,375	1,791,375	1,194,251	67%	1,195,901	(1,650)	0%
Other Charges Current Services	503,650	503,650	170,523	34%	115,605	54,918	48%
TOTAL CURRENT SERVICES	3,890,825	3,890,825	2,279,081	59%	2,245,232	33,849	2%
<u>OTHER REVENUE</u>							
Use of money/property	438,750	438,750	282,672	64%	548,454	(265,782)	-48%
Recreation Rentals	484,250	484,250	310,557	64%		310,557	n/a
Other Revenues	163,600	163,600	19,709	12%	45,577	(25,868)	-57%
TOTAL OTHER REVENUE	1,086,600	1,086,600	612,938	56%	594,031	18,907	3%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	62,500	50%	31,250	31,250	100%
Sewer Enterprise	41,200	41,200	27,467	67%	13,333	14,134	106%
Water Enterprise	20,000	20,000	13,333	67%	13,333	-	n/a
Public Safety	175,000	175,000	116,667	67%	116,667	-	n/a
Community Rec Center	85,665	85,665		n/a		-	n/a
HCD Block Grant	5,000	5,000	3,333	67%		3,333	n/a
Other Funds	-	-	-	n/a	32,067	(32,067)	-100%
TOTAL TRANSFERS IN	451,865	451,865	223,300	49%	206,650	16,650	8%
TOTAL GENERAL FUND	18,732,301	18,732,301	11,890,157	63%	10,377,977	1,512,180	15%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	699,600	699,600	338,784	48%	405,034	(66,250)	-16%
CIP Grants	3,325,000	3,325,000		n/a		-	n/a
Reimbursement of Expenses	26,000	26,000	58,195	224%		58,195	n/a
Transfers In	700,000	700,000	450,000	64%	425,000	25,000	6%
Project Reimbursement		-		n/a	296,457	(296,457)	-100%
Interest / Other Revenue/Other Charges	41,000	41,000	90,790	221%	49,197	41,593	85%
202 STREET MAINTENANCE	4,791,600	4,791,600	937,769	20%	1,175,688	(237,919)	-20%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	8,885	8,885	4,000	45%	4,472	(472)	-11%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
204/205 PUBLIC SAFETY TRUST	108,885	108,885	104,000	96%	104,472	(472)	0%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,483,000	1,483,000	1,019,605	69%	1,204,950	(185,345)	-15%
Planning Fees	616,800	616,800	472,199	77%	487,123	(14,924)	-3%
Engineering Fees	875,000	875,000	454,313	52%	931,529	(477,216)	-51%
Other Revenue/Current Charges	48,620	48,620	43,625	90%	28,792	14,833	52%
Transfers	-	-		n/a	-	-	n/a
206 COMMUNITY DEVELOPMENT	3,023,420	3,023,420	1,989,742	66%	2,652,394	(662,652)	-25%
207 GENERAL PLAN UPDATE	145,286	225,286	182,950	81%	90,162	92,788	103%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	396,714	396,714	15,521	4%		15,521	n/a
CIP Grants	100,000	100,000		n/a			n/a
Interest Income/Other Revenue	1,460	1,460	641	44%	18,420	(17,779)	-97%
215 and 216 HCD BLOCK GRANT	498,174	498,174	16,162	3%	18,420	(2,258)	-12%
210 COMMUNITY CENTER	3,500	3,500	3,322	95%	34,931	(31,609)	-90%
225 ASSET SEIZURE	1,664	1,664	142	9%	16,951	(16,809)	-99%
229 LIGHTING AND LANDSCAPE	138,000	138,000	76,399	55%	70,019	6,380	9%
232 ENVIRONMENTAL PROGRAMS	533,050	565,050	258,186	46%	221,495	36,691	17%
234 MOBILE HOME PARK RENT STAB.	9,873	9,873	8,476	86%	7,573	903	12%
235 SENIOR HOUSING	6,890	6,890	4,050	59%	3,546	504	14%
236 HOUSING MITIGATION	140,000	140,000	189,465	135%	151,911	37,554	25%
240 EMPLOYEE ASSISTANCE	42,768	42,768	18,171	42%	22,466	(4,295)	-19%
247 ENVIRONMENT REMEDIATION	8,500	8,500	9,100	107%	8,002	1,098	14%
TOTAL SPECIAL REVENUE FUNDS	9,451,610	9,563,610	3,797,934	40%	4,578,030	(780,096)	-17%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	814,768	814,768	1,019,699	125%	838,358	181,341	22%
302 PARK MAINTENANCE	415,557	415,557	185,039	45%	440,871	(255,832)	-58%
303 LOCAL DRAINAGE	1,276,297	1,276,297	294,929	23%	488,480	(193,551)	-40%
304 LOCAL DRAINAGE/NON AB1600	356,795	356,795	147,487	41%	194,921	(47,434)	-24%
306 OPEN SPACE	170,972	170,972	220,000	129%	267,025	(47,025)	-18%
309 TRAFFIC MITIGATION	1,128,092	1,128,092	1,106,406	98%	746,230	360,176	48%
311 POLICE MITIGATION	105,743	105,743	100,499	95%	130,291	(29,792)	-23%
313 FIRE MITIGATION	195,345	195,345	129,337	66%	129,666	(329)	0%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	8,992,848	59%	8,213,670	779,178	9%
Loan Proceeds	4,500,000	4,500,000	716,235	16%		716,235	n/a
Interest Income, Rents	297,947	297,947	525,378	176%	98,491	426,887	433%
Other Agencies/Current Charges/Transfer	-	-	1,032,862	n/a	153,517	879,345	573%
317 RDA CAPITAL PROJECTS	19,967,408	19,967,408	11,267,323	56%	8,465,678	2,801,645	33%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	2,576,244	59%	2,342,679	233,565	10%
Interest Income, Rent	10,450	10,450	170,796	1634%	120,980	49,816	41%
Transfers/Other	-	-	402,913		770	402,143	52226%
327/328 RDA L/M HOUSING	4,412,625	4,412,625	3,149,953	71%	2,464,429	685,524	28%
346 PUBLIC FACILITIES NON-AB1600	228,008	228,008	340,267	149%	7,035,520	(6,695,253)	-95%
347 PUBLIC FACILITIES	77,720	77,720	203,352	262%	98,914	104,438	106%
348 LIBRARY	123,155	123,155	115,959	94%	67,458	48,501	72%
350 UNDERGROUNDING	189,883	189,883	(8,390)	-4%	164,143	(172,533)	-105%
340/342 MH BUS.RANCH CIP I & II	3,145	3,145	398	13%	1,279	(881)	-69%
360 COMMUNITY/REC IMPACT FUND	80,719	80,719	67,630	84%	55,459	12,171	22%
TOTAL CAPITAL PROJECTS FUNDS	29,546,232	29,546,232	18,339,888	62%	21,588,722	(3,248,834)	-15%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND	483,763	483,763	491,442	102%	578,682	(87,240)	-15%
536 ENCINO HILLS	-	-		n/a		-	n/a
539 MORGAN HILL BUSINESS PARK	-	-		n/a		-	n/a
542 SUTTER BUSINESS PARK	-	-		n/a		-	n/a
545 COCHRANE BUSINESS PARK	206,304	206,304	89,530	43%	107,213	(17,683)	-16%
551 JOLEEN WAY	37,016	37,016	14,810	40%	40,433	(25,623)	-63%
TOTAL DEBT SERVICE FUNDS	727,083	727,083	595,782	82%	726,328	(130,546)	-18%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,600,535	5,600,535	3,479,180	62%	3,555,895	(76,715)	-2%
Interest Income	191,414	191,414	113,308	59%	76,517	36,791	48%
Other Revenue/Current Charges	142,600	142,600	80,950	57%	113,282	(32,332)	-29%
640 SEWER OPERATION	5,934,549	5,934,549	3,673,438	62%	3,745,694	(72,256)	-2%
641 SEWER EXPANSION							
Interest Income	345,048	345,048	109,264	32%	87,673	21,591	25%
Connection Fees	1,560,000	1,560,000	1,788,822	115%	1,549,370	239,452	15%
Other	-	-	528	n/a	527	1	0%
641 SEWER EXPANSION	1,905,048	1,905,048	1,898,614	100%	1,637,570	261,044	16%
642 SEWER RATE STABILIZATION	119,167	119,167	547,138	459%	55,767	491,371	881%
643 SEWER-CAPITAL PROJECT	294,560	294,560	27,687	9%	34,604	(6,917)	-20%
TOTAL SEWER FUNDS	8,253,324	8,253,324	6,146,877	74%	5,473,635	673,242	12%
650 WATER OPERATION							
Water Sales	6,229,900	6,229,900	4,751,787	76%	4,451,803	299,984	7%
Meter Install & Service	70,000	70,000	42,634	61%	93,596	(50,962)	-54%
Transfers-In, and Interest Income	472,202	472,202	231,623	49%	79,525	152,098	191%
Other Revenue/Current Charges	879,500	879,500	690,378	78%	505,480	184,898	37%
650 WATER OPERATION	7,651,602	7,651,602	5,716,422	75%	5,130,404	586,018	11%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	207,076	207,076	72,372	35%	5,424,587	(5,352,215)	-99%
Water Connection Fees	362,000	362,000	302,499	84%	343,698	(41,199)	-12%
651 WATER EXPANSION	569,076	569,076	374,871	66%	5,768,285	(5,393,414)	-94%
652 Water Rate Stabilization	702,000	702,000	467,432	67%	370	467,062	126233%
653 Water Capital Project	297,217	297,217	69,735	23%	2,374,955	(2,305,220)	-97%
TOTAL WATER FUNDS	9,219,895	9,219,895	6,628,460	72%	13,274,014	(6,645,554)	-50%
TOTAL ENTERPRISE FUNDS	17,473,219	17,473,219	12,775,337	73%	18,747,649	(5,972,312)	-32%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	254,202	254,202	169,467	67%	203,005	(33,538)	-17%
740 BUILDING MAINTENANCE SERVICES	1,666,477	1,666,477	1,110,872	67%	1,101,741	9,131	1%
745 CIP ADMINISTRATION	1,415,000	1,415,000	799,016	56%	754,865	44,151	6%
760 UNEMPLOYMENT INSURANCE	58,305	58,305	38,871	67%	30,243	8,628	29%
770 WORKERS COMPENSATION	920,509	920,509	656,414	71%	619,879	36,535	6%
790 EQUIPMENT REPLACEMENT	538,545	552,063	333,004	60%	244,736	88,268	36%
793 CORPORATION YARD COMMISSION	14,350	159,100	27,539	17%	47,865	(20,326)	-42%
795 GENERAL LIABILITY INSURANCE	506,470	506,470	356,997	70%	296,646	60,351	20%
TOTAL INTERNAL SERVICE FUNDS	5,373,858	5,532,126	3,492,180	63%	3,298,980	193,200	6%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	261,965	n/a	283,219	(21,254)	-8%
842 M.H. BUS.RANCH A.D. II	-	-	25,365	n/a	25,088	277	1%
843 M.H. BUS.RANCH 1998	898,976	898,976	467,506	52%	674,651	(207,145)	-31%
844 M.H. RANCH REFUNDING 2004A	612,433	900,619	299,307	33%	304,669	(5,362)	-2%
845 MADRONE BP-TAX EXEMPT	462,228	462,228	440,807	95%	420,486	20,321	5%
846 MADRONE BP-TAXABLE	91,543	91,543	67,684	74%	68,499	(815)	-1%
848 TENNANT AVE.BUS.PK A.D.	12,909	12,909	7,618	59%	33,447	(25,829)	-77%
881 POLICE DONATION TRUST FUND	642	642	340	53%	300	40	13%
TOTAL AGENCY FUNDS	2,078,731	2,366,917	1,570,592	66%	1,810,359	(239,767)	-13%
TOTAL FOR ALL FUNDS	83,383,034	83,941,488	52,461,870	62%	61,128,045	(7,118,438)	-12%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
	COUNCIL AND MISCELLANEOUS GOVT.							
	City Council	11,892	207,749	117,047	2,886	119,933	58%	114,950
	Community Promotions	1,154	52,627	34,166	-	34,166	65%	10,574
	COUNCIL AND MISCELLANEOUS GOVT.	13,046	260,376	151,213	2,886	154,099	59%	125,524
	CITY ATTORNEY	63,104	721,690	469,726	292,937	762,663	106%	604,889
	CITY MANAGER							
	City Manager	22,167	330,948	219,230		219,230	66%	197,585
	Cable Television	5,321	37,611	23,525	6,852	30,377	81%	31,926
	Communications & Marketing	18,049	171,792	131,731	7,980	139,711	81%	41,767
	CITY MANAGER	45,537	540,351	374,486	14,832	389,318	72%	271,278
	RECREATION							
	Recreation	16,958	311,071	110,413		110,413	35%	201,764
	Community & Cultural Center	109,352	1,280,015	821,311	129,059	950,370	74%	729,315
	Aquatics Center	66,693	1,403,838	928,777	7,999	936,776	67%	1,007,478
	Indoor Recreation Center	5,566	97,665	11,953	-	11,953	12%	-
	RECREATION	198,569	3,092,589	1,872,454	137,058	2,009,512	65%	1,938,557
	HUMAN RESOURCES							
	Human Resources	32,502	488,604	312,694	2,538	315,232	65%	317,432
	HUMAN RESOURCES	32,502	488,604	312,694	2,538	315,232	65%	317,432
	COUNCIL SERV & RECORDS MGMT							
	Council Serv & Records Mgmt	18,713	258,991	161,147		161,147	62%	168,552
	Elections	3,414	47,788	29,890	-	29,890	63%	71,241
	CITY CLERK	22,127	306,779	191,037	-	191,037	62%	239,793
	FINANCE	70,360	982,085	634,264	4,516	638,780	65%	589,213
	TOTAL GENERAL GOVERNMENT	445,245	6,392,474	4,005,874	454,767	4,460,641	70%	4,086,686
II. PUBLIC SAFETY								
	POLICE							
	PD Administration	44,511	812,406	612,119	6,371	618,490	76%	374,199
	Field Operations	362,806	4,236,902	3,082,760	3,313	3,086,073	73%	2,581,064
	Support Services	82,656	1,040,162	622,048	5,924	627,972	60%	564,734
	Emergency Services/Haz Mat	3,329	53,507	25,335	4,013	29,348	55%	11,989
	Special Operations	179,664	1,486,523	896,923	3,212	900,135	61%	898,480
	Animal Control	8,578	102,859	56,689		56,689	55%	58,525
	Dispatch Services	63,742	1,082,981	549,596	5,044	554,640	51%	556,047
	POLICE	745,286	8,815,340	5,845,470	27,877	5,873,347	67%	5,045,038
	FIRE	364,295	4,377,495	2,864,587	-	2,864,587	65%	2,796,362
	TOTAL PUBLIC SAFETY	1,109,581	13,192,835	8,710,057	27,877	8,737,934	66%	7,841,400
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	39,136	711,485	441,539	17,374	458,913	65%	438,352
	TOTAL COMMUNITY IMPROVEMENT	39,136	711,485	441,539	17,374	458,913	65%	438,352



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
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IV. TRANSFERS

	General Plan Update	833	10,000	6,667	-	6,667	67%	
TOTAL TRANSFERS		833	10,000	6,667	-	6,667	67%	-
TOTAL GENERAL FUND		1,594,795	20,306,794	13,164,137	500,018	13,664,155	67%	12,366,438

SPECIAL REVENUE FUNDS

202 STREET MAINTENANCE								
	Street Maintenance/Traffic	122,964	1,909,134	1,017,994	61,433	1,079,427	57%	1,032,071
	Congestion Management	3,494	84,994	41,916	-	41,916	49%	39,573
	Street CIP	<u>21,667</u>	<u>3,505,127</u>	<u>396,227</u>	<u>239,452</u>	<u>635,679</u>	<u>18%</u>	<u>186,763</u>
202 STREET MAINTENANCE		148,125	5,499,255	1,456,137	300,885	1,757,022	32%	1,258,407
204/205 PUBLIC SAFETY/SUPP.LAW								
		14,627	175,519	117,013		117,013	67%	117,013
206 COMMUNITY DEVELOPMENT FUND								
	Planning	87,724	1,323,006	740,664	76,855	817,519	62%	760,335
	Building	77,926	1,205,324	703,589	116,734	820,323	68%	568,924
	PW-Engineering	<u>77,597</u>	<u>1,188,372</u>	<u>679,837</u>	<u>115,200</u>	<u>795,037</u>	<u>67%</u>	<u>602,079</u>
206 COMMUNITY DEVELOPMENT FUND		243,247	3,716,702	2,124,090	308,789	2,432,879	65%	1,931,338
207 GENERAL PLAN UPDATE								
		13,450	353,205	48,279	60,276	108,555	31%	23,021
210 COMMUNITY CENTER								
			85,665			-	n/a	-
215/216 CDBG								
		9,042	633,529	77,885	238,501	316,386	50%	61,178
225 ASSET SEIZURE								
			-	300		300	n/a	35,519
229 LIGHTING AND LANDSCAPE								
		16,881	136,103	110,183	24,762	134,945	99%	94,014
232 ENVIRONMENT PROGRAMS								
		20,988	479,055	218,504	54,678	273,182	57%	181,246
234 MOBILE HOME PARK								
		123	4,832	988		988	20%	10,426
235 SENIOR HOUSING TRUST FUND								
			80,700	3,275		3,275	4%	3,806
236 HOUSING MITIGATION FUND								
			1,315,000	6,352	8,648	15,000	1%	-
240 EMPLOYEE ASSISTANCE								
		4,000	57,500	18,620	-	18,620	32%	33,323
247 ENVIRONMENT REMEDIATION FUND								
			152,500	5,680	-	5,680	4%	
TOTAL SPECIAL REVENUE FUNDS		470,483	12,689,565	4,187,306	996,539	5,183,845	41%	3,749,291

CAPITAL PROJECT FUNDS

301	PARK DEVELOPMENT	21,600	2,663,211	128,536	149,331	277,867	10%	66,622
302	PARK MAINTENANCE	3,974	185,312	76,013	3,812	79,825	43%	31,883
303	LOCAL DRAINAGE	128	1,911,534	11,862		11,862	1%	1,024
304	LOCAL DRAIN. NON-AB1600	8,472	1,277,666	91,670	6,501	98,171	8%	31,723
306	OPEN SPACE			2,139		2,139	n/a	492
309	TRAFFIC MITIGATION	14,191	2,013,232	340,591	687,227	1,027,818	51%	344,514
311	POLICE MITIGATION	494	260,887	242,117	10,000	252,117	97%	68,842
313	FIRE MITIGATION	115	526,378	919		919	0%	920
317	RDA BUSINESS ASSISTANCE	293,372	34,437,282	10,984,287	12,783,097	23,767,384	69%	5,465,157
327/328	RDA HOUSING	543,373	10,209,748	3,671,390	308,875	3,980,265	39%	2,264,503
340/342	MH BUS RANCH CIP					-	n/a	66,554
346	PUBLIC FAC.NON AB1600	16	623,698	169,891	390,770	560,661	90%	6,921,532
347	PUBLIC FACILITIES	114	71,363	50,316	19,566	69,882	98%	910
348	LIBRARY IMPACT	17	202	135		135	67%	135
350	UNDERGROUNDING	32	1,119,346	10,071	107,361	117,432	10%	1,260
360	COMM/REC CTR IMPACT		180,000			-	n/a	
TOTAL CAPITAL PROJECTS FUNDS		885,898	55,479,859	15,779,937	14,466,540	30,246,477	55%	15,266,071



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of February 2006
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT	8	483,763	483,774	-	483,774	100%	122,371
545	COCHRANE BUS. PARK A.D.	36,147	194,625	190,719	-	190,719	98%	190,023
551	JOLEEN WAY A.D.	561	36,487	29,942	-	29,942	82%	31,695
TOTAL DEBT SERVICE FUNDS		36,716	714,875	704,435	-	704,435	99%	344,089
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	637,489	6,843,978	5,071,259	132,555	5,203,814	76%	4,877,415
641	CAPITAL EXPANSION	3,081	3,413,501	1,823,085	177,111	2,000,196	59%	575,916
642	SEWER RATE STABILIZATION	176	2,114	1,409		1,409	67%	1,411
643	SEWER-CAPITAL PROJECTS	9,198	1,064,115	458,189	600,200	1,058,389	99%	618,275
TOTAL SEWER FUND(S)		649,944	11,323,708	7,353,942	909,866	8,263,808	73%	6,073,017
WATER								
	Water Operations Division	739,508	7,518,128	4,218,586	322,054	4,540,640	60%	3,693,046
	Meter Reading/Repair	32,459	781,457	382,866	222,245	605,111	77%	280,330
	Utility Billing	26,833	460,975	273,171	13,787	286,958	62%	253,709
	Water Conservation	7,270	124,708	38,082	52,465	90,547	73%	31,953
650	WATER OPERATIONS	806,070	8,885,268	4,912,705	610,551	5,523,256	62%	4,259,038
651	CAPITAL EXPANSION	8,022	2,154,644	600,484	148,716	749,200	35%	789,408
652	WATER RATE STABILIZATION	41	492	328		328	67%	329
653	WATER-CAPITAL PROJECTS	11,002	2,370,904	1,007,512	1,264,430	2,271,942	96%	459,890
TOTAL WATER FUND(S)		825,135	13,411,308	6,521,029	2,023,697	8,544,726	64%	5,508,665
TOTAL ENTERPRISE FUNDS		1,475,079	24,735,016	13,874,971	2,933,563	16,808,534	68%	11,581,682
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	40,247	345,465	155,818	140,226	296,044	86%	205,451
740	BUILDING MAINTENANCE	106,709	1,383,291	818,953	55,059	874,012	63%	836,883
745	CIP ENGINEERING	95,244	1,398,173	813,543	29,215	842,758	60%	755,381
760	UNEMPLOYMENT	3,015	55,000	7,592		7,592	14%	27,070
770	WORKERS COMPENSATION	17,197	770,075	283,329	-	283,329	37%	374,660
790	EQUIPMENT REPLACEMENT	10,290	483,345	40,059	143,964	184,023	38%	21,041
793	CORP YARD COMMISSION	8,062	159,100	65,332	45,122	110,454	69%	80,106
795	GEN. LIABILITY INSURANCE		487,751	306,767		306,767	63%	316,010
TOTAL INTERNAL SERVICE FUNDS		280,764	5,082,200	2,491,393	413,586	2,904,979	57%	2,616,602
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I		264,578	264,578	-	264,578	100%	299,893
842	MORGAN HILL BUS RANCH II		23,608	23,608	-	23,608	100%	31
843	MORGAN HILL BUS RANCH 98	269,356	867,265	869,824		869,824	100%	866,071
844	MH RANCH RSMNT 2004A	690	595,583	533,930	-	533,930	90%	175,198
845	MADRONE BP-TAX EXEMPT	3,470	443,763	273,371	-	273,371	62%	505,469
846	MADRONE BP-TAXABLE	55,612	86,939	106,582	-	106,582	123%	103,147
848	TENNANT AVE BUS PARK AD	561	6,727	4,485	-	4,485	67%	-
881	POLICE DONATION TRUST		-	2,682	-	2,682	n/a	-
TOTAL AGENCY FUNDS		329,689	2,288,463	2,079,060	-	2,079,060	91%	1,949,809
REPORT TOTAL		5,073,424	121,296,772	52,281,239	19,310,246	71,591,485	59%	47,873,982



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,600,535	\$ 3,479,180	62%	\$ 3,555,895	\$ 6,229,900	\$ 4,751,787	76%	\$ 4,451,803
Meter Install & Service					70,000	42,634	61%	93,596
Other	142,600	80,950	57%	113,282	879,500	690,378	78%	515,654
Total Operating Revenues	5,743,135	3,560,130	62%	3,669,177	7,179,400	5,484,799	76%	5,061,053
Expenses								
Operations	4,808,500	3,196,343	66%	3,183,452	5,956,685	3,290,943	55%	3,235,236
Meter Reading/Repair					781,457	382,866	49%	280,330
Utility Billing/Water Conservation					585,683	311,253	53%	285,662
Total Operating Expenses	4,808,500	3,196,343	66%	3,183,452	7,323,825	3,985,062	54%	3,801,228
Operating Income (Loss)	934,635	363,787		485,725	(144,425)	1,499,737		1,259,825
Nonoperating revenue (expense)								
Interest Income	191,414	113,308	59%	76,517	241,714	77,964	32%	69,351
Interest Expense/Debt Services	(558,790)	(558,790)	100%	(572,296)	(258,084)	(129,518)	50%	(134,848)
Principal Expense/Debt Services	(995,000)	(995,000)	100%	(975,000)	(173,359)	(44,792)	26%	(42,962)
Total Nonoperating revenue (expense)	(1,362,376)	(1,440,482)		(1,470,779)	(189,729)	(96,346)		(108,459)
Income before operating xfers	(427,741)	(1,076,695)		(985,054)	(334,154)	1,403,391		1,151,366
Operating transfers in	-	-		-	230,488	153,659	67%	
Operating transfers (out)	(481,688)	(321,126)	67%	(146,667)	(1,130,000)	(753,333)	67%	(280,000)
Net Income (Loss)	\$ (909,429)	\$ (1,397,821)		\$ (1,131,721)	\$ (1,233,666)	\$ 803,717		\$ 871,366



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of February 2006
67% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	1,093,286	6,628,791	4,316,935	2,972,673
Restricted ¹	1,895,090	6,652,199	390,180	4,021,205
Accounts Receivable		8,480		15,588
Utility Receivables	682,301		855,729	
Less Allowance for Doubtful Accounts	(13,767)		(18,204)	
Notes Receivable ²		7,959	0	
Fixed Assets ³	29,628,818	12,497,964	23,851,712	12,694,522
Total Assets	<u>33,285,728</u>	<u>25,795,393</u>	<u>29,396,352</u>	<u>19,703,987</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	311,702	108,072	141,736	29,259
Deposits for Water Services & Other Deposits			85,502	
Deferred Revenue ⁴				
Bonds Payable	23,300,000		5,568,631	7,740,000
Discount on Bonds and Other Liabilities	(2,425,887)		(913,413)	(344,863)
Accrued Vacation and Comp Time	49,020		97,480	
Total liabilities	<u>21,234,835</u>	<u>108,072</u>	<u>4,979,936</u>	<u>7,424,396</u>
FUND EQUITY				
Contributed Capital	7,443,305		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	8,705,685	12,497,964	19,099,014	5,299,385
Encumbrances	132,555	777,311	610,551	1,413,146
Notes Receivable		7,959		
Restricted Cash	1,895,090		390,180	4,021,205
Total Reserved Retained Earnings	10,733,330	13,283,234	20,099,745	10,733,736
Unreserved Retained Earnings	1,317,563	12,404,087	4,316,671	1,545,856
Total Fund Equity	<u>12,050,893</u>	<u>25,687,321</u>	<u>24,416,416</u>	<u>12,279,591</u>
Total Liabilities and Fund Equity	<u>33,285,728</u>	<u>25,795,393</u>	<u>29,396,352</u>	<u>19,703,987</u>

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

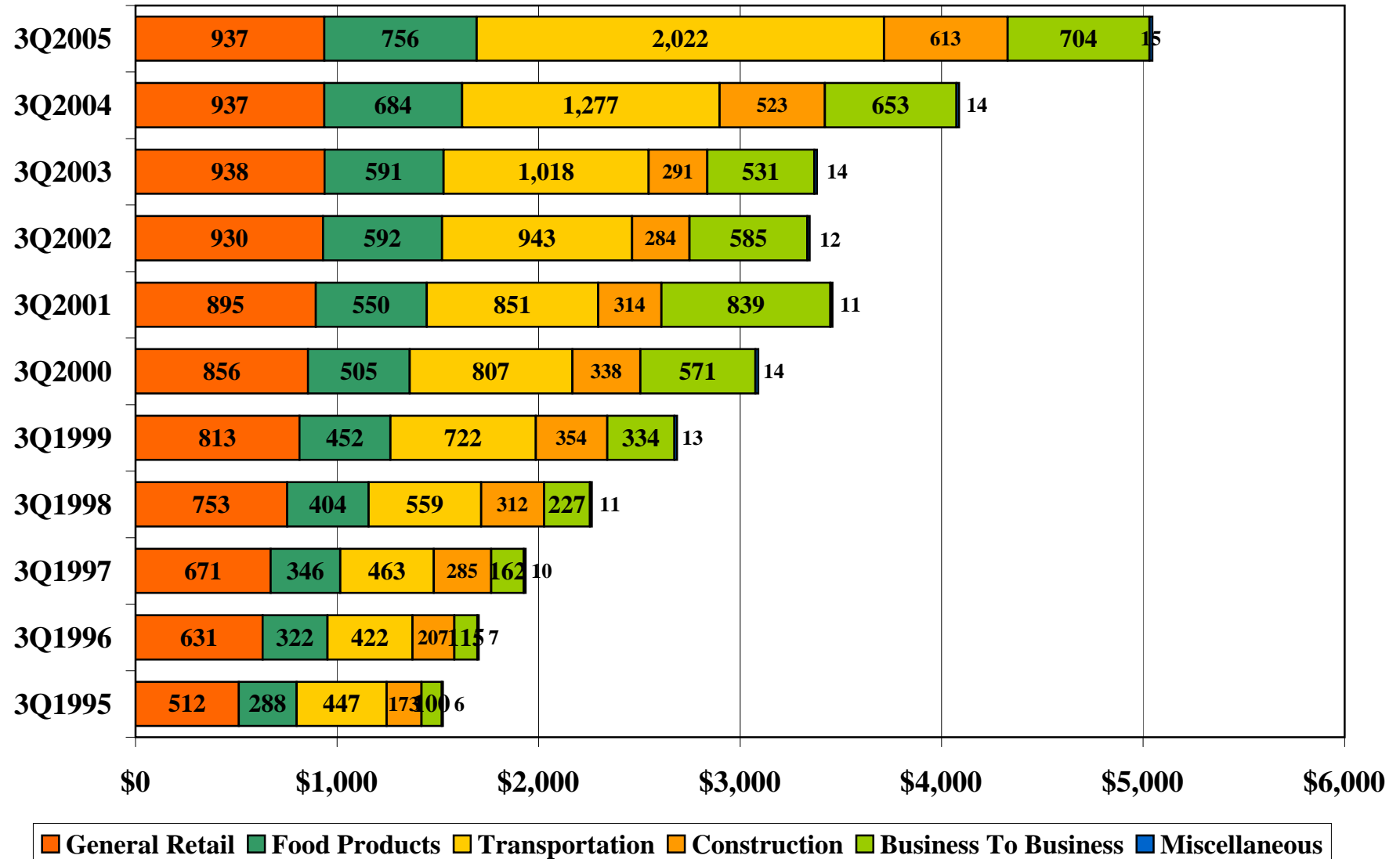
⁴ Includes the deferred payment portion of the loans noted above.



¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.
² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.
³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.
⁴ Includes the deferred payment portion of the loans noted above.
⁵ Designated as a general reserve.

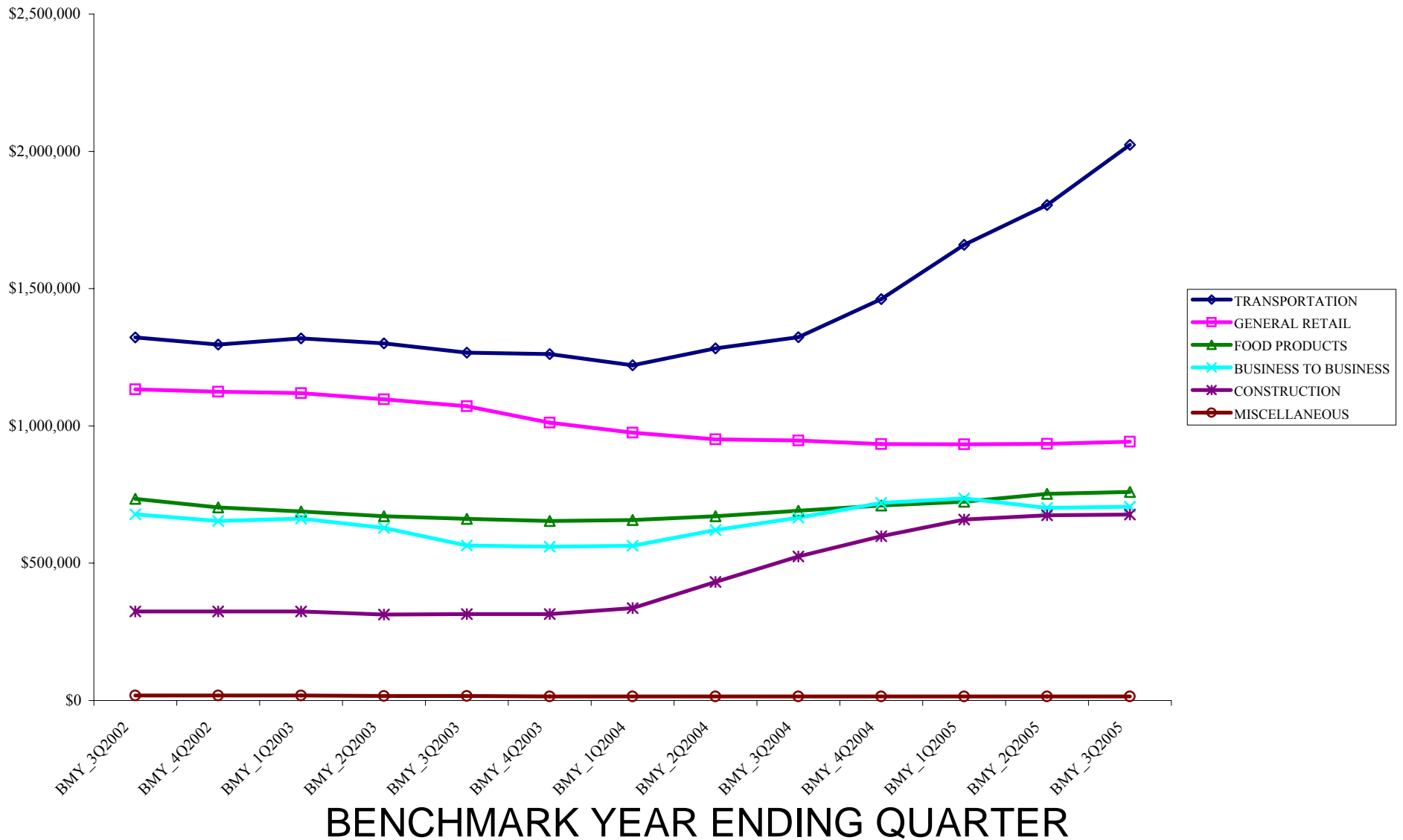
CITY OF MORGAN HILL ANNUAL SALES TAX BY BUSINESS CATEGORY

(in thousands of \$)



CITY OF MORGAN HILL

SALES TAX BY ECONOMIC CATEGORY



Sales Tax Revenue Analysis

Quarterly Sales Tax Revenues

Year	Q1	Q2	Q3	Q4	Total
2005	1,352,902	1,503,903	1,748,750		
2004	1,008,820	1,303,824	1,288,347	1,471,834	5,072,825
2003	1,152,258	1,045,369	1,064,072	1,075,630	4,337,329
2002	1,066,129	1,224,131	1,172,571	1,158,608	4,621,439
2001	1,348,773	1,357,056	1,274,566	1,267,347	5,247,742
2000	1,139,868	1,285,566	1,250,633	1,408,160	5,084,227
1999	921,597	1,080,386	1,117,296	1,177,610	4,296,889
1998	861,449	977,685	971,007	1,017,725	3,827,866
1997	787,430	861,780	913,292	1,009,943	3,572,445
1996	726,088	799,526	851,152	846,916	3,223,682
1995	644,959	720,072	736,824	769,415	2,871,270
1994	693,039	704,331	753,364	733,555	2,884,289
Average ¹	\$ 940,946	1,032,702	1,035,739	1,085,158	4,094,546
Avg \$ Growth ¹	\$ 31,578	59,949	53,498	73,828	218,854
Avg % Growth ¹	4.6%	8.5%	7.1%	10.1%	7.6%

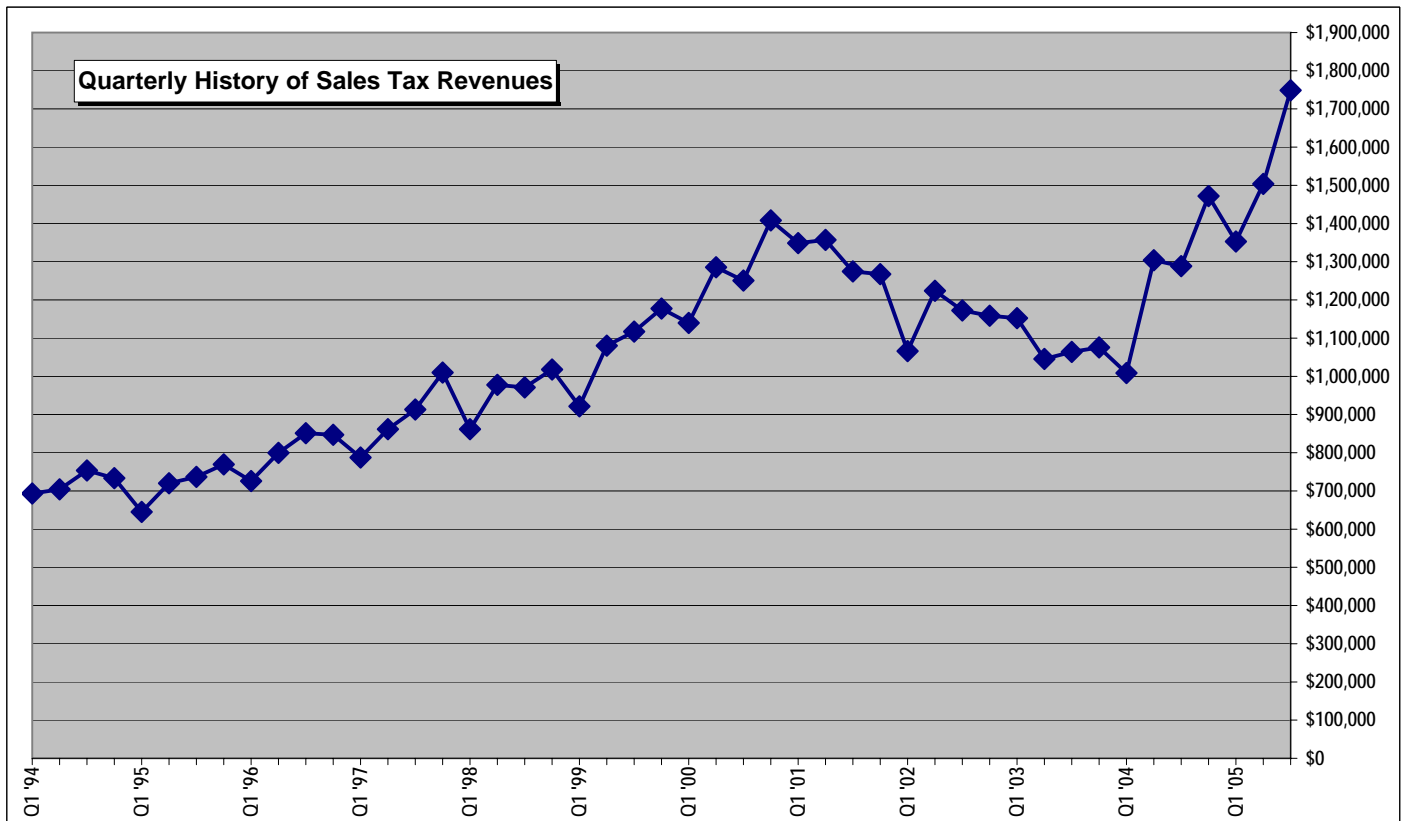
¹ Average from 1994 to 2004

Percent Increase/Decrease from Prior Year

Year	Q1	Q2	Q3	Q4	Total
2004 to 05	34.1%	15.3%	35.7%		
2003 to 04	-12.4%	24.7%	21.1%	36.8%	17.0%
2002 to 03	8.1%	-14.6%	-9.3%	-7.2%	-6.1%
2001 to 02	-21.0%	-9.8%	-8.0%	-8.6%	-11.9%
2000 to 01	18.3%	5.6%	1.9%	-10.0%	3.2%
1999 to 00	23.7%	19.0%	11.9%	19.6%	18.3%
1998 to 99	7.0%	10.5%	15.1%	15.7%	12.3%
1997 to 98	9.4%	13.4%	6.3%	0.8%	7.1%
1996 to 97	8.4%	7.8%	7.3%	19.2%	10.8%
1995 to 96	12.6%	11.0%	15.5%	10.1%	12.3%
1994 to 95	-6.9%	2.2%	-2.2%	4.9%	-0.5%

Cumulative Quarterly Sales Tax as % of Annual Total

Year	Q1	Q1-Q2	Q1-Q3	Q1-Q4
2005				
2004	19.9%	45.6%	71.0%	100.0%
2003	26.6%	50.7%	75.2%	100.0%
2002	23.1%	49.6%	74.9%	100.0%
2001	25.7%	51.6%	75.8%	100.0%
2000	22.4%	47.7%	72.3%	100.0%
1999	21.4%	46.6%	72.6%	100.0%
1998	22.5%	48.0%	73.4%	100.0%
1997	22.0%	46.2%	71.7%	100.0%
1996	22.5%	47.3%	73.7%	100.0%
1995	22.5%	47.5%	73.2%	100.0%
1994	24.0%	48.4%	74.6%	100.0%
Average	23.0%	48.1%	73.5%	100.0%





CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

APPROVAL OF AMENDMENT TO COMMUNITY PARK MASTER PLAN AND ADOPTION OF MITIGATED NEGATIVE DECLARATION

RECOMMENDED ACTION(S): 1) Approve amendment to Community Park Master Plan 2) Adopt Mitigated Negative Declaration

EXECUTIVE SUMMARY: Council initially approved the Community Park Master plan at its August 3, 2005 meeting. Since that time the non-profit Dog Owner's Group (D.O.G) requested the area designated as the interim dog park in the south end of the Park be enlarged from $\frac{3}{4}$ to $1\frac{1}{2}$ acres. The request was heard before the Parks and Recreation Commission at its October 18, 2005 meeting who formed a recommendation that Council approve the revision. The Master Plan as approved by Council in August 2005 and the proposed revised Master Plan are attached.

It was D.O.G's request before the PRC meeting of October 18, 2005 that the Dog Park as shown on the revised Master Plan be termed the permanent Dog Park. D.O.G. prefers to invest in the park knowing it will not have to be relocated at some time in the future. The Parks and Recreation Commission's recommendation also includes their support of calling the Dog Park permanent in its revised configuration. Staff recommends that Council approve the revision making the Dog Park larger and declaring the revised location as shown permanent. Other notes on the Master Plan were also revised to reflect this change as well as removal of the permanent Dog Park location on the property north of Edes Court.

At the August 3, 2005 City Council meeting a Mitigated Negative Declaration was also adopted. However, since that time the revision to the Master Plan became necessary as described above. Also, the Mitigated Negative Declaration had to be sent to the State Clearing House for 30 days prior to the Council's action adopting it.

As Council takes both these actions tonight it will complete the adoption of the Community Park Master Plan, and meet all requirements necessary to obtain State Department of Recreation Grant Funding for the outdoor basketball and water conservation improvements as part of the Phase I Community Park Improvements Project.

FISCAL/RESOURCE IMPACT: None

Agenda Item #3

Prepared By:

**Deputy Director Public
Works/Operations**

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

INDOOR RECREATION CENTER PROJECT – FEBRUARY CONSTRUCTION PROGRESS REPORT

RECOMMENDED ACTION(S): *Information Only*

EXECUTIVE SUMMARY:

Previous Council action awarded the contract for construction of the Indoor Recreation Center Project to West Coast Contractors, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. Attached is the progress report for the month of February. This report has been sent to our webmaster for posting on the City's website. Current construction activity can be viewed live on the internet at www.novapartners.com/mhirc.

The masonry subcontractor has completed all of the block wall installation for the project. They are now working on cleaning the block prior to final seal application. The project's current critical path activity is installation of the natatorium roof. The contractor needs approximately 3-5 days of dry weather to complete this roof. Should inclement weather continue without the needed "break," the completion date would also be extended accordingly. West Coast Contractors continue working towards "drying in" the remaining portions of the building and have made good progress on the metal stud interior partitions. Barring any unforeseen circumstances, the anticipated Grand Opening remains at September 5, 2006. The project is currently on schedule and within budget.

FISCAL/RESOURCE IMPACT: None

Agenda Item # 4

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

Agenda Item # 5

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

City Manager

SALE OF A BMR PROPERTY – 15215 Monticello Way

RECOMMENDED ACTION(S):

- 1) Authorize the City Manager to Spend up to \$20,000 to repair the BMR residence at 15215 Monticello Way; and,
- 2) Authorize the City Manager to do everything necessary and appropriate to prepare and execute the agreements required to sell the unit to an eligible BMR buyer in an amount not to exceed \$191,900 in accordance with the BMR Program guidelines.

EXECUTIVE SUMMARY: In 1995, the BMR home at 15215 Monticello Way was sold to Gregory and Kimberly Hemming, eligible BMR buyers. In June 2003, the owners notified City staff that they had over encumbered the home and had moved out of the area. They wanted to sell the home and offered to pay the overage through a personal loan. A Notice of Violation was issued and the matter was referred to legal counsel. The Hemming's then filed for bankruptcy. Since then, legal counsel negotiated a settlement with the bankruptcy trustee and the bank, and the City Council approved a settlement resulting in the City acquiring the property. Staff is now seeking permission to refurbish the home (estimated cost of up to \$20,000) and resell it to a qualifying Low-Income household from the BMR waiting list. The proceeds from the sale will cover 100% of the initial costs to acquire, repair and sell the unit. We anticipate rehabbing and selling the unit within the next 90 days.

FISCAL IMPACT: The sale proceeds will be placed in the Redevelopment Agency's 20% Housing Set Aside fund balance (Fund 327).



CITY COUNCIL STAFF REPORT

MARCH 22, 2006

Agenda Item # 6

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

REQUEST FOR APPROPRIATION OF FUNDING FOR A JUNE 6, 2006 SPECIAL ELECTION; RECOGNIZE REVENUE SOURCE

RECOMMENDED ACTION(S):

- 1) Appropriate \$76,000 to pay for the costs associated with a June 6, 2006 Special Election; and
- 2) Recognize \$5,000 in revenue from the Morris Family, owners of the Cochrane Plaza Shopping Center.

EXECUTIVE SUMMARY:

On March 1, 2006, the City Council unanimously agreed to call for a June 6, 2006 Special Election to ask the voters of the City of Morgan Hill whether the restriction of grocery supermarkets at Cochrane Plaza within the Morgan Hill Ranch should be removed, and to allow this use as a permitted use. At the time the Council considered whether or not to place a ballot measure on a June 6, 2006 Special Election, staff provided Santa Clara County Registrar of Voters' estimates of election costs being equal no matter whether it was a June or November 2006 election. The cost was estimated to be approximately \$50,000. Following the Council calling for the June 6, 2006 election, staff was notified by the Registrar of Voters Office that the estimated election costs did not reflect all costs associated with a special election. It is now estimated that the City's costs for a June 6, 2006 Special Election is approximately \$76,000. Staff with the Registrar of Voters Office explains that the higher elections costs are attributed to printing costs. As this is a Gubernatorial Primary Election, increased printing costs are associated with printing 8 sample ballot booklets for each of the 8 California political parties, and for each of the 5 languages that are mandated in Santa Clara County (English, Spanish, Chinese, Vietnamese, and Tagalong). Staff requests that the City Council appropriate \$76,000 to cover the costs associated with a consolidated special election to be held on June 6, 2006.

At the March 1, 2006 Council meeting, City Attorney Kern informed the Council that based on the representation by the attorney for the owners of the Cochrane Shopping Center, the Morris Family agreed to contribute up to a maximum of \$5,000, if necessary, to cover the cost differential between a June 2006 election and November 2006 election. Lisa Robella was in attendance at the March 1 Council meeting and confirmed that Mr. Morris will contribute \$5,000 toward a June 2006 ballot measure/election. Staff recommends that the Council acknowledge and recognize the \$5,000 from the Morris Family, owners of Cochrane Plaza Shopping Center, as revenue to the City.

FISCAL IMPACT: \$76,000 to be appropriated from the General Fund Reserves to the Election's Budget (010- 2420-42231).



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

AWARD OF PROFESSIONAL SERVICES CONTRACT FOR THE DEVELOPMENT OF TRAFFIC SIGNAL TIMING INTERCONNECTION ON TENNANT AVENUE AND EAST DUNNE AVENUE

RECOMMENDED ACTION(S): Authorize the City Manager to execute a consultant agreement with Fehr & Peers Transportation Consultants, for the development of traffic signal timing on Tennant Avenue and East Dunne Avenue, subject to approval by the City Attorney, for a not-to-exceed fee of \$36,510.

EXECUTIVE SUMMARY: Over the past ten years multiple traffic signals have been constructed at key intersections along East Dunne Avenue and Tennant Avenue. The traffic signals have been installed to help traffic flow and improve vehicular and pedestrian safety at these intersections. Although traffic flow and safety have improved at these intersections, traffic delays have developed along the following sections of East Dunne Avenue and Tennant Avenue:

East Dunne Avenue - Walnut Grove Drive to Peppertree Drive
Tennant Avenue - 101 Northbound Ramps to Juan Hernandez Drive
Tennant Avenue – Vineyard Boulevard to Monterey Road

The lack of signal timing coordination between the various traffic signals along these sections of roadway has lead to delays . The development and implementation of timing interconnection plans would help to improve the delays presently experienced by motorists on these sections of roadway especially during the peak traffic hours.

Fehr & Peers has submitted a proposal to perform this work in a not-to-exceed amount of \$36,510. Staff recommends awarding this work to Fehr & Peers since as transportation consultants they possess the expertise to perform this work and have a good working knowledgeable of the City's circulation system.

The scope of work includes holding a "kick-off" meeting, data collection, and the preparation and implementation of timing plans. The attached Proposal Letter provides a more detailed explanation of Scope of Services and fee estimate for the project.

FISCAL/RESOURCE IMPACT: Sufficient funds exist in our CIP Administration account (745) under the contract services object code, therefore no further appropriation is necessary.

Agenda Item # 7

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

IRREVOCABLE OFFER OF DEDICATION FOR PORTION OF TRAIL DRIVE

RECOMMENDED ACTION(S):

1. Adopt the attached Resolution acknowledging and deferring acceptance of the offer of street dedication for a portion of Trail Drive.
2. Direct the City Clerk to file a certified copy of the Resolution in the Office of the Recorder of Santa Clara County.

EXECUTIVE SUMMARY: We Hong Tao and Emily Chen are seeking county approval to develop several five-acre parcels on the east side of Morgan Hill outside our City limits but within our sphere of influence. The parcels are located along the future extension of Trail Drive (see attached location map) according to the circulation element of our General Plan. The Chen's have requested that the City permit vehicular access for these parcels from the existing southern terminus of Trail Drive which is located in the City. As a condition of permitting access to Trail Drive, staff has requested that the Chen's provide the City with an irrevocable offer to grant the necessary street easement for the future extension of Trail Drive across the parcels in question. Staff's request is consistent with the City's General Plan which calls for the future extension of Trail Drive to Tennant Avenue as a local collector street. Presently, the parcels are located in the County with a land use designation of agricultural 20 acre minimum. Given this land use designation, there is no current need to acquire or build the extension of Trail Drive. However, should this area be annexed to the City in the future and the property be developed to a greater density, the irrevocable offer could be exercised by the City.

In order to be consistent with the City's General Plan, staff recommends the adoption of the attached resolution to acknowledge and permit the recordation of the irrevocable offer of dedication for Trail Drive from We Hong Tao and Emily Chen.

FISCAL/RESOURCE IMPACT: None, processing fees have been paid.

Agenda Item # 8

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RECORDING REQUESTED BY:

CITY OF MORGAN HILL
CITY CLERK'S OFFICE

WHEN RECORDED MAIL TO:

CITY CLERK'S OFFICE
CITY OF MORGAN HILL
17555 PEAK AVENUE
MORGAN HILL, CALIFORNIA 95037-4128

NO RECORDATION FEE PER
GOVERNMENT CODE 6103

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL ACKNOWLEDGING DEFERRING
ACCEPTANCE OF IRREVOCABLE OFFER OF
DEDICATION OF EASEMENT FOR STREET AND ROAD
PURPOSES**

WHEREAS, on October 25, 2005, We Hong Tao Chen and Emily Chen (“Chens”) in a Grant of Offer of Dedication of Easement for Street and Road Purposes (“Grant of Offer”) offered to dedicate an easement to the CITY on the Lands of Chen; and

WHEREAS, the City Council has read and considered that irrevocable Grant of Offer.

NOW, THEREFORE, the City Council of Morgan Hill does **RESOLVE** as follows:

1. The City Council of the City of Morgan Hill hereby acknowledges the irrevocable Grant of Offer. The City chooses not to accept this irrevocable Grant of Offer at this time, but reserves the right to accept the irrevocable Grant of Offer any time in the future.
2. The City Clerk is hereby directed to record the irrevocable Grant of Offer executed by the Chens, along with this Resolution.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 22nd Day of March, 2006 by the following vote.

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

🏛️ CERTIFICATION 🏛️

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,
do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City
Council at a Special Meeting held on March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

AWARD OF PROFESSIONAL SERVICES CONTRACT TO PREPARE PLAN LINE FOR THE SOUTHERLY EXTENSION OF BUTTERFIELD BOULEVARD

RECOMMENDED ACTION(S):

Authorize the City Manager to execute a consultant agreement to prepare a plan line for the southerly extension of Butterfield Boulevard with MH Engineering, subject to approval by the City Attorney.

EXECUTIVE SUMMARY: On March 2, 2005, City Council awarded a professional services contract for the preparation of an Addendum to the Final Environmental Impact Report for Butterfield Boulevard with David J. Powers and Associates. The Addendum was completed in August and covers the Plan Line location for the Butterfield Boulevard Southern Extension project.

MH Engineering's scope of work will consist of preparing a Plan Line for the southerly extension of Butterfield Boulevard for a not-to-exceed cost of \$73,200. The Plan Line limits will commence at Tennant Avenue and extend south to connect to Watsonville Road. MH Engineering will contract with two sub-consultants. Air Flight Services will perform an aerial topographic survey and Mark Thomas and Company shall provide structural guidance for the span over the railroad tracks. The final product will be a recordable Plan Line, detailing the horizontal and vertical alignments and necessary limits for acquiring right-of-way. The attached proposal outlines their scope of work in full detail. The Plan Line is expected to take 12 weeks to complete. Staff will arrange to meet with property owners prior to the conclusion of the Plan Line.

MH Engineering has been the design firm for all of the existing segments of Butterfield Boulevard, from Cochrane Road to Tennant Avenue. Staff believes that MH Engineering should be retained for this project based upon their prior design experience with Butterfield Boulevard and the potential savings to the City from their work on adjacent local developments. The study will commence upon Council's approval.

FISCAL/RESOURCE IMPACT: The total not to exceed cost for this work is \$73,200. Funding is available this fiscal year through the Traffic Impact Fund (309), CIP Project #501D02, Butterfield - South of Tennant.

Agenda Item # 9

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

AWARD OF PROFESSIONAL SERVICES CONTRACT TO DESIGN A PORTION OF THE WEST LITTLE LLAGAS CREEK BIKE TRAIL

RECOMMENDED ACTION(S):

Authorize the City Manager to execute a consultant agreement to prepare Plans and Specifications for the design of a portion of the West Little Llagas Creek Bike Trail with Questa Engineering Corporation, subject to approval by the City Attorney.

EXECUTIVE SUMMARY: In January 2001, Council approved the Bikeways Master Plan for the City of Morgan Hill. The Bikeways Master Plan recommends the construction of West Little Llagas Creek Bike Trail as the City's #2 project priority for implementation. Funding for the bike trail has been secured through the VTA Bicycle Expenditure Plan.

The proposed Class I bike trail segment will be constructed on the banks of the West Little Llagas Creek, between La Crosse and Watsonville Road, see Exhibit A. The paved bike trail will be eight feet wide with dirt shoulders, and include a pedestrian bridge over Llagas Creek. The environmental studies for this project are being prepared by David J. Powers and are currently in progress and are expected to be completed by August 2006.

A Request for Proposals (RFP) was sent to seven qualified design firms. Two proposals were received; one from Questa Engineering and one from Royston Hanamoto Alley & Abey. A few of the firms confirmed receipt of the RFP, but stated they were too busy to take on additional work at this time. Staff recommends that Questa Engineering Corporation be retained for this work based upon their past experience with bike trail designs, bank restorations, bridge work and regulatory permitting. In addition, Questa has the in-house capabilities to perform most of the associated work. Questa also has experience working with the Santa Clara Valley Water District and Corps of Engineers, where they performed soils, hydrologic, and geomorphic studies for the preliminary design of the PL-566 project.

Questa's scope of work will consist of preparing Plans, Specifications, estimates, meetings, and regulatory applications for the construction of the West Little Llagas Bike Trail for a cost not-to-exceed \$63,320. The attached proposal (Exhibit B) outlines their scope of work in full detail. Staff anticipates the design to be complete by August, 2006. The design will commence upon Council's approval.

FISCAL/RESOURCE IMPACT: The total not to exceed cost for this work is \$63,320. Funding of \$410,000 is available this fiscal year through CIP Project #117001, West Little Llagas Creek Trail.

Agenda Item # 10

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

FINAL MAP APPROVAL FOR PEAR TREE ESTATES (TRACT 9641)

RECOMMENDED ACTION(S):

1. Approve the final map, subdivision agreement and improvement plans.
2. Authorize the City Manager to sign the Subdivision Improvement Agreement on behalf of the City.
3. Authorize the recordation of the map and the Subdivision Improvement Agreement following recordation of the Development Improvement Agreement.

EXECUTIVE SUMMARY:

Tract 9641 is a 9 lot subdivision west of Hill Road between Pear Drive and Jean Court (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on February 22, 2005.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provisions with a Title Company to provide the City with the required fees, insurance and bonds prior to recordation of the Final Map.

FISCAL/RESOURCE IMPACT:

Development review for this project is from development processing fees.

Agenda Item # 11

Prepared By:

Assistant Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR DEWITT - LATALA

RECOMMENDED ACTION(S):

1. Adopt the attached resolution accepting the public improvements for DeWitt - Latala.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY: This proposed four lot subdivision is located on the west side of Dewitt Avenue between Spring Avenue and West Dunne Avenue (see attached location map). The developer elected to install the public improvements for his subdivision prior to recordation of his parcel map. As a result the developer was not required to enter into a subdivision improvement agreement with the City.

The public improvements have been completed in accordance with the tentative map conditions and as set forth in the plans and specifications approved by the City.

The streets to be accepted are:

<u>Street Name</u>	<u>Street Length</u>
Price Drive	0.09 miles

The value of the public improvements being accepted is \$263,697.

FISCAL/RESOURCE IMPACT:

Staff time for this project was paid for by development fees.

Agenda Item # 12

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO. ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL
ACCEPTING THE SUBDIVISION IMPROVEMENTS FOR DEWITT - LATALA.**

WHEREAS, Andrew Latala (developer) has submitted a 4-lot parcel map on the Dewitt Avenue; and

WHEREAS, developer choose to complete the required public street improvements prior to recordation of the Parcel Map in accordance with the State Subdivision Map Act; and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Parcel Map have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 22nd day of March, 2006.

AYES:

NOES:

ABSTAIN:

ABSENT:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

Record at the request of
and when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

DEWITT - LATALA

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on February 20, 2006, by Andrew Latala, the developer of record and accepted by the City Council on March 22, 2006. Said improvements consisted of public streets, utilities and appurtenances.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 20__.

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date: _____



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9478, MONTE VILLA PH. III

RECOMMENDED ACTION(S):

1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9478, commonly known as Monte Villa Ph. III.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY:

Tract 9478 is a 21 lot subdivision located on the west side of Hale Avenue approximately 1000 feet south of Hale Avenue and Llagas Road intersection (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Mirasol LLC, dated April 16, 2003 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

<u>Street Name</u>	<u>Street Length</u>
Stoney Creek Way	0.08 miles

The value of the public improvements being accepted is \$381,550.

FISCAL/RESOURCE IMPACT: Staff time for this project was paid for by development fees.

Agenda Item # 13

Prepared By:

Senior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL ACCEPTING THE SUBDIVISION
IMPROVEMENTS FOR TRACT 9478, MONTE VILLA PH. III**

WHEREAS, the owner of Tract 9478, designated as Monte Villa Ph. III, entered into a Subdivision Improvement Agreement on April 16, 2003 and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of April 16, 2003.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 22nd day of March, 2006.

AYES:
NOES:
ABSTAIN:
ABSENT:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

Record at the request of
and when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

TRACT 9478, MONTE VILLA PH. III

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on January 17, 2006, by Mirsol LLC, the subdivider of record and accepted by the City Council on March 22, 2006. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Developers Surety and Indemnity Company.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 2006.

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date:



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

INDOOR RECREATION CENTER PROJECT-AUTHORIZE ADDITIONAL SERVICES FOR CONSTRUCTION CONSULTANT

RECOMMENDED ACTION(S): Authorize the City Manager to execute a first amendment to the Professional Services agreement with Biggs Cardosa Associates in the amount of \$30,000 for a total fee not to exceed \$115,000.

Agenda Item # 14

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY:

Previous Council action awarded the contract for construction of the Indoor Recreation Center Project to West Coast Contractors, Inc. At that time, staff engaged various consultants to assist during the project construction.

One of those consultants, Biggs Cardosa Associates, is the project's "special inspector." They perform the necessary inspections that our City building department is not available or qualified to do such as rebar placement, concrete testing, welding, etc. At the time of their original proposal, the exact construction schedule was not known. Consequently, assumptions were made with regards to the number of inspections and associated testing of material samples. As the number of inspections has increased beyond the amount in their original proposal, it is necessary to also increase their compensation. This increase is due to a variety of reasons beyond the control of the consultant or construction team such as the delivery rate of the material suppliers, manpower dedicated to the tasks by the contractor or subcontractor, and revisions required during construction.

FISCAL/RESOURCE IMPACT: None. The additional amount will be paid for out of the funded project contingency.



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

APPROVE CONSULTANT AGREEMENT FOR DESIGN OF TRUNK SEWER LINE #2 – PHASE 1

RECOMMENDED ACTION(S): Authorize the City Manager to execute a consultant agreement with Schaaf & Wheeler for the design of a new Trunk Sewer Line #2 – Phase 1 for a fee not to exceed \$232,422.

EXECUTIVE SUMMARY:

The City relies on a single 24 to 27-inch trunk sewer to convey wastewater to the Treatment Plant southeast of Gilroy. Growth of the City has increased the flow such that we are now approaching the sewer trunk's capacity. The 2002 Sewer Master Plan recommended that the City undertake construction of a second sewer trunk. The sewer trunk will be a 10-mile project, constructed in Phases. This professional services agreement is for the design of Phase One which will be a parallel trunk line along Monterey Road from Tennant Avenue, south to California Blvd, a total of approximately 2.3 miles.

Last spring, staff solicited proposals from several engineering firms for the Feasibility Analysis of an interim connection. Out of three firms, Schaaf & Wheeler was selected with the most responsive proposal. They completed their analysis in June with recommendations to construct this segment of relief trunk as originally identified in the 2002 Sewer Master Plan. Since Schaaf & Wheeler is most familiar with the project, staff recommends that they also complete the design of phase 1.

Staff requested the attached proposal from Schaaf and Wheeler which includes surveying, mapping, geotechnical analysis, design and bid support. One of the initial tasks will be to define the design parameters in order to select an appropriate pipe size. If Council approves the agreement, Schaaf & Wheeler will prepare construction documents this summer and assist staff with the public bid process later this fall. Staff will request a separate proposal after bidding for Schaaf & Wheeler to provide construction support services. Barring any unforeseen circumstances, we expect to complete construction in the Fall of 2007. The preliminary construction estimate for this Phase 1 Trunk Sewer project is \$4 Million.

FISCAL/RESOURCE IMPACT: Funds for the design of Phase 1 Trunk Sewer #2 are budgeted in the current year CIP (#308094) and construction funds will be recommended in the 06/07 CIP budget.

Agenda Item # 15

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

LOT LINE ADJUSTMENT PARCEL MAP APPROVAL FOR SUTTERHILL, LLC

RECOMMENDED ACTION(S):

- 1) Approve the lot line adjustment parcel map, including the abandonment of a water line easement and sanitary sewer easement on the property.
- 2) Authorize the recordation of the map.

EXECUTIVE SUMMARY:

The property affected by the commercial lot line adjustment parcel map is part of the Sutterhill Plaza development located at 15790 Monterey Road just north of the CDF facility (see attached location diagram). The map shows the elimination of both a water line easement and sanitary sewer easement on the property. Due to changes to the site development plan the easements are no longer needed. Therefore, staff recommends that the City Council approve the abandonment of these easements.

The developer has furnished the City with the necessary documents to complete the processing of the lot line adjustment parcel map and has made provisions with a Title Company to record said map.

FISCAL/RESOURCE IMPACT:

Development review for this project is from development processing fees.

Agenda Item # 16

Prepared By:

Senior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: MARCH 22, 2006

Agenda Item # 17

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

AWARD OF TENNANT AVENUE WIDENING PROJECT

RECOMMENDED ACTION(S):

1. Appropriate \$120,000 from the current year un-appropriated Traffic Impact Fee Fund balance (309) into the project account (507B99).
2. Award contract to Wattis Construction Company, Inc. for the construction of the Tennant Avenue Widening project in the amount of \$656,335.
3. Authorize expenditure of construction contingency funds not to exceed \$65,633.

EXECUTIVE SUMMARY: The scope of work for this project is to provide all work necessary to widen the north side of Tennant Avenue from just west of Vineyard Avenue to just east of Monterey Road, including the Church Street/Tennant Avenue intersection.

The bid opening was held on February 28, 2006 and the bids received are listed below. Staff performed a standard reference background check and received no negative feedback; therefore, Staff recommends award of the contract to Wattis Construction Company. This project is scheduled to begin construction in mid-April and be completed by August, 2006. Wattis Construction Company's bid was 26% higher than the engineer's estimate of \$520,000. In reviewing the bids received compared to the estimate, we believe recent increases in the undergrounding construction costs and traffic control costs make up most of the difference. Staff does not recommend re-bidding the project.

<u>Contractor Name</u>	<u>Base Bid</u>
Wattis Construction Company	\$656,335
QLM - Inc.	\$686,535
McGuire & Hester	\$710,876
O'Grady Paving, Inc.	\$734,789
Joseph J. Albanese, Inc.	\$736,344
El Camino Paving, Inc.	\$751,983
Trinchero Construction, Inc.	\$766,789
Pavex Construction	\$778,225
Granite Construction Company	\$844,844

As noted below, staff requests that the project budget be supplemented with an additional \$120,000 from our current year un-appropriated Traffic Impact Fee fund balance to fund this project fully.

FISCAL/RESOURCE IMPACT: The total contract cost for this project is \$721,968, which includes a 10% contingency of \$65,633. The project is funded in the current FY 05/06 Capital Improvement Program (CIP) Budget, Project #507B99 with total appropriations of \$830,000. Staff requests that Council appropriate an additional \$120,000 from the Traffic Impact Fee Fund balance (309) to fund this project fully.



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

Agenda Item # 18

**Prepared and
Approved By:**

HR Director

Submitted By:

City Manager

NEW POSITION – SENIOR BUSINESS ASSISTANCE AND HOUSING SERVICES (BAHS) COORDINATOR

RECOMMENDED ACTION(S):

1. Approve the Job Description and salary range for a new position of Senior BAHS Coordinator.
2. Adopt the attached resolution amending the Management, Professional and Confidential Employees Resolution 5872 to include the new position and salary range of Senior BAHS Coordinator.

EXECUTIVE SUMMARY:

The BAHS Department Director and the HR Director have examined the organizational structure of the Business Assistance and Housing Services Department to optimize workload and productivity to meet the wide range of Department needs. Based on the nature and level of services provided by the Department, it is recommended that effective 7/1/2006, the current position of BAHS Analyst in the Housing Division be eliminated and replaced with a full-time mid-management position of Senior BAHS Coordinator.

The new Senior BAHS Coordinator will have the flexibility to perform services for both the Economic Development and Housing Services Divisions. The nature of the Senior BAHS Coordinator's duties falls at a level between the BAHS Coordinator and the BAHS Manager. The Senior BAHS Coordinator will perform more complex, management oriented duties with a corresponding higher level of responsibility than the existing BAHS Analyst. However, the Senior BAHS Coordinator's duties will be at a level below that of BAHS Manager, namely coordinating versus managing. It will also have no direct supervisory responsibility, but may occasionally exercise limited functional supervision over clerical and/or assigned staff for specific purposes. (See the attached Job Description)

The City conducted a survey of area cities for positions similar to our proposed Senior BAHS Coordinator. It is recommended that a salary range of \$5510 - \$6700 / month with a maximum Performance Pay of \$7030 per month be established for this position. This salary range is consistent with the results of our survey and proportional to existing positions within the City. This range is approximately 10% below that of BAHS Manager and 12% above the non-management BAHS Analyst position it will replace.

FISCAL IMPACT:

There is no fiscal impact to the 2005-2006 budget because the reorganization will not likely occur until 7/1/2006. The funding for the Senior BAHS Coordinator will be partially offset by the elimination of the BAHS Analyst position and will be addressed in the 2006-2007 budget process.

LIST OF ATTACHMENTS:

ATTACHMENT A: Senior BAHS Coordinator Job Description.

ATTACHMENT B: Resolution Establishing the Position and Salary Range of Senior BAHS Coordinator.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEES RESOLUTION NO. 5872

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended new mid-management position of Senior BAHS Coordinator, and;

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended salary range for the position of Senior BAHS Coordinator, and;

WHEREAS, the City Council of the City of Morgan Hill has reviewed said recommendations, and;

WHEREAS, the City Council of the City of Morgan Hill has the authority to approve, change and delete job classifications and salary ranges;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

SECTION 1 - POSITION CLASSIFICATIONS

- A. The classification for the position of Senior BAHS Coordinator is hereby added to Middle Management Group 1-B

SECTION 2 - SALARY RANGES

- A. The classification and salary range for the position of Senior BAHS Coordinator is hereby established as follows. The salary stated includes the 7% employee PERS contribution which is deducted from payroll.

JOB CLASSIFICATION	SALARY RANGE		
Middle Management - Group 1-B	Bottom	Top	Performance Pay
Senior BAHS Coordinator	\$5,510	\$6,700	\$7,030

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 22nd Day of March, 2006 by the following vote.

AYES: **COUNCIL MEMBERS:**
NOES: **COUNCIL MEMBERS:**
ABSTAIN: **COUNCIL MEMBERS:**
ABSENT: **COUNCIL MEMBERS:**

🏛️ CERTIFICATION 🏛️

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

Agenda Item # 19

**Prepared and
Approved By:**

HR Director

Submitted By:

City Manager

APPROVAL OF RESOLUTION PROVIDING AMENDED SALARY RATES FOR RESERVE POLICE OFFICERS

RECOMMENDED ACTION(S):

1. Adopt Resolution amending the Temporary/Seasonal Employee Resolution No. 5892 to change the salary rates for Level I Reserve Police Officer and Level II Reserve Police Officer.

EXECUTIVE SUMMARY:

City Council Resolution No.5892 has established the current rate of compensation for temporary and seasonal employees. The salary rate for Reserve Police Officers was established based on the fact that most of their service was volunteered time with only certain paid duties. The Police Department has determined that work performed as volunteered time and paid time are essentially the same type of duties. As a result, the Fair Labor Standards Act requires that Reserve Officer's work time must either be all volunteer or all paid. Because state mandated training requirements makes it almost impossible to recruit volunteer Reserve Officers, the Police Department has opted to pay Reserve Officers for all their work time. The Police Department examined the required training, nature, and scope of duties of Reserve Police Officers compared to regular, full time Police Officers. As a result, the Police Department has determined that the salary rates for Reserve Police Officers noted in the current Resolution should be amended as follows:

Level I Reserve Police Officer adjusted from 100% Step A hourly rate for Police Officer to 90% Step A hourly rate for Police Officer.

Level II Reserve Police Officer adjusted from 90% Step A hourly rate for Police Officer to 65% Step A hourly rate for Police Officer.

FISCAL IMPACT:

The funds for these temporary employees are included in the Police Department's 2005-06 budget.

LIST OF ATTACHMENTS:

ATTACHMENT A
Resolution

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL AMENDING RESOLUTION NO. 5982
REGARDING COMPENSATION FOR RESERVE POLICE
OFFICERS**

WHEREAS, the City Manager has presented to the City Council of the City of Morgan Hill a recommended salary change for Level I Reserve Police Officer and Level II Reserve Police Officer, and;

WHEREAS, the City Council of the City of Morgan Hill has reviewed said recommendations, and;

WHEREAS, the City Council of the City of Morgan Hill has the authority to approve, change and delete job classifications and salary ranges;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

SECTION 1 - SALARY RANGES

- A. The salary range for the position of Reserve Police Officer Level I and Reserve Police Officer Level II is amended as follows.

JOB CLASSIFICATION	SALARY
Level I Reserve Police Officer	90% of Step A Hourly Rate for Police Officer
Level II Reserve Police Officer	65% of Step A Hourly Rate for Police Officer

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 22nd Day of March, 2006 by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

🔐 CERTIFICATION 🔐

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

Agenda Item # 20

Prepared By:

(Title)

Submitted By:

City Manager

FOURTH AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP

RECOMMENDED ACTIONS:

Authorize the City Manager to execute a Fourth Amendment to Agreement with the law firm of Jorgenson, Siegel, McClure & Flegel, LLP.

EXECUTIVE SUMMARY:

On November 19, 2004, the City was served with a Summons and Complaint in an action filed by Judith L. Berkman; A. William Berkman; Marcia Schneider; Kenneth Schneider and Ralph Heron. The City hired the firm of Jorgenson, Siegel, McClure & Flegel, LLP, to defend and represent the City's interest. Fees and costs incurred through December 31, 2004, were paid under the firm's general contract with the City.

On April 26, 2005, the City entered into a contract with Jorgenson, Siegel, McClure & Flegel, LLP, in the amount of \$40,000 to cover legal fees and costs through June 30, 2005, relating primarily to discovery matters. On June 17, 2005, the contract term was extended to September 30, 2005. The contract amount was increased to \$103,000 to cover the fees and costs associated with preparing an opposition to and appearance at plaintiffs' motion for summary adjudication, continuing discovery, preparing responses to and appearances at plaintiffs' motion for reconsideration of summary adjudication and preparing for and attending non-binding mediation.

The parties participated in non-binding, judicially supervised mediation in November 2005 and were unable to reach a settlement. The court scheduled a two week trial commencing on April 10, 2006.

The current contract in the amount of \$103,000 is insufficient to cover the fees and costs associated with discovery, pretrial preparation and trial. The attached Fourth Amendment to Agreement is in the amount of \$253,000. It is anticipated that the additional \$150,000 will be sufficient to cover the anticipated pretrial and trial fees and costs. Therefore, staff is recommending that Council approve the attached Fourth Amendment to Agreement increasing the contract amount to \$253,000.

FISCAL IMPACT:

The cost of this agreement will be accommodated in the City Attorney's Office budget.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

Agenda Item # 21

Prepared By:

Senior Planner

Approved By:

**Community
Development
Director**

Submitted By:

City Manager

AGREEMENTS WITH PACIFIC MUNICIPAL CONSULTANTS, AND WITH FRY'S ELECTRONICS, REGARDING PREPARATION OF A SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT OR AN ADDENDUM TO THE ENVIRONMENTAL IMPACT REPORT FOR AN AMENDMENT TO A PLANNED UNIT DEVELOPMENT FOR THE AMERICAN INSTITUTE OF MATHEMATICS FACILITY.

RECOMMENDED ACTION(S): By motion, authorize the City Manager to execute an Agreement between the City of Morgan Hill and Pacific Municipal Consultants (PMC) and an Agreement between the City of Morgan Hill and Fry's Electronics, subject to review and approval of the Agreements by the City Attorney.

EXECUTIVE SUMMARY: On July 7, 2004, the City Council certified an Environmental Impact Report (EIR) to allow the continued operation and maintenance of an 18-hole golf course, the demolition of an existing 58,946 square foot restaurant and replacement with a 59,000 square foot mathematics conference center, and the renovation and use of other structures on the 192 acre project site located off Foothill Avenue. On August 18, 2004 the City adopted a resolution approving a mitigation monitoring and reporting program, adopted an ordinance rezoning the project site to a Planned Unit Development (PUD) District, and approved a precise development plan for the PUD. On April 20, 2005, the City Council approved agreements with PMC to carry out implementation of the mitigation monitoring and reporting program. Compliance activities are occurring and the City Council is scheduled to receive a status report at its meeting of April 5, 2006.

Since City Council certification of the EIR, the City has received an application to amend the PUD District to allow a larger (approximately 167,500 square foot total size) mathematics conference center with an approximately 34,400 square foot subterranean garage containing 76 parking spaces and replacement of an existing 121-space parking lot with a larger 185-space parking lot. The California Environmental Quality Act (CEQA) includes protocol for augmenting a previously certified EIR. In this case, either an EIR Addendum or a Supplemental EIR will be the appropriate course of action.

Since PMC has already been retained by the city as an extension of staff for purposes of mitigation monitoring, preparation of the CEQA document is proposed to be carried out primarily by the same consultant, with city staff providing direction and assistance to PMC. The estimated PMC cost is \$71,125, and the City will charge the 19-percent consultant surcharge (\$13,514) as a fee to cover staff time. The total amount of \$84,639 pays for consultant and city staff time and materials associated with preparation of the CEQA document.

The Agreement between the City and Fry's Electronics provides that the applicant/property owner will deposit funds with the City in order to pay for the above-described costs.

FISCAL IMPACT: No impact on City General Fund; all costs are paid by the applicant/property owner.



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

Agenda Item # 22

Prepared By:

**Asst. to the City
Manager**

Submitted By:

City Manager

STATUS REPORT ON AGREEMENT WITH THE YMCA OF SANTA CLARA VALLEY FOR OPERATING THE COMMUNITY RECREATION CENTER

RECOMMENDED ACTION:

Accept report.

EXECUTIVE SUMMARY:

On February 15, 2006, the Council approved a partnership operating model for operating the Community Recreation Center and directed staff to develop an agreement with the YMCA of Santa Clara Valley for the Council's approval. This staff report provides an update on the development of that agreement and the schedule for completing it.

Progress to Date

City and YMCA staff have met at least weekly, and usually more frequently, since February 15. The meetings have been productive and we have agreed to develop an overarching agreement that will govern the Center as well as a more detailed operating plan which will cover day-to-day operating procedures and reporting relationships at the Center. We have made significant progress on both the agreement and the operating plan, however, there are still a few key issues to be resolved as discussed below. We have agreed upon the staffing relationships at the CRC and have begun recruiting for a Recreation Supervisor to manage the Center. The YMCA has also begun recruiting for an Associate Supervisor who will directly oversee health and fitness programs and senior services.

Topics Currently Under Discussion

We are still in the process of addressing several issues. Some of these issues will be incorporated in the agreement and operating plan, such as insurance provisions and termination procedures. We are also discussing potential changes to the CRC facility to maximize revenue (i.e., the pool configuration, the location of offices, and the potential purchase of Fitlinxx, a software program used by the YMCA at other facilities to track member usage of fitness equipment). Naturally, we will return to the Council with any changes to the facility that have budgetary implications. In addition, we are considering how to handle activities which are outside the partnership and the potential competition between City and Mt. Madonna YMCA programs. While we have begun drafting of the agreement and partnership operating plan, these documents are not yet in final form.

Schedule

City and YMCA staff have committed to completing the agreement and partnership operating plan by the end of April. We plan to return to the Council with an agreement and partnership operating plan by May 3, 2006. We are also on track to complete development of the 06/07 budget for the CRC by April 7 in order to participate in the City's regular budgetary preparation process. This schedule will not adversely impact the opening of the CRC.

FISCAL/RESOURCE IMPACT:

Development of the agreement and partnership operating plan is requiring significant staff time but is being accomplished within the existing budgets for the City Attorney's Office, City Manager's Office, Finance Department, Human Resources Department, and Recreation and Community Services Department.



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

Agenda Item # 23

Prepared By:

Assistant Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

AWARD OF DEPOT STREET UNDERGROUNDING UTILITIES PROJECT

RECOMMENDED ACTION(S):

1. Award contract to West Valley Construction for the construction of the Depot Street Undergrounding Utilities Project in the amount of \$780,810.
2. Authorize expenditure of construction contingency funds not to exceed \$78,081.

EXECUTIVE SUMMARY: The scope of work for this project includes the trenching and installation of conduits, vaults and boxes to convert all overhead utilities to underground on Depot Street from East Main Avenue to Fifth Street. This work will also include, at no cost to the property owners, the undergrounding of affected property owners' individual service connections from overhead to underground (9 total). PG&E, Verizon, and Charter Communication will be working closely with the City's contractor for gas line and conductor installation.

The bid opening was held on March 16, 2006 and the bids received are as listed below. This contractor's bid has been reviewed and meets all criteria for award. Staff recommends award of the contract to West Valley Construction.

On February 16, 2005, City Council approved Staff's recommendation to use of the City's underground in-lieu fund balance to complete the project. Underground in-lieu fees are collected from developers who request payment of a fee in lieu of actually undergrounding overhead lines across their frontage or if development occurs at locations where the utility lines have already been placed underground. Sufficient funds are in the developer in-lieu fee fund at this time. This project is scheduled to begin in April, 2006 and be completed by end of July, 2006.

West Valley Construction's bid was approximately 3% lower than the engineer's estimate of \$800,000.

West Valley Construction	\$780,810
Lewis & Tibbitts Inc.	\$874,391
Pacific Underground Construction	\$1,545,565

FISCAL/RESOURCE IMPACT: The total contract cost for this project is \$858,891, which includes a 10% contingency of \$78,081. The project is funded in the 2005-2006 Capital Improvement Program budget under Utility Undergrounding – Depot Street, Project #537004.



CITY COUNCIL & REDEVELOPMENT

AGENCY STAFF REPORT

MEETING DATE: *March 22, 2006*

POLICY REGARDING CITY COUNCIL AND REDEVELOPMENT AGENCY MEETING SCHEDULE

RECOMMENDED ACTION(S):

Adopt Policy, if deemed appropriate

Agenda Item #24

Prepared By:

**Council Services &
Records Manager/
Agency Secretary**

Submitted By:

**City Manager/
Executive Director**

EXECUTIVE SUMMARY:

On February 1, 2006, the City Council adopted its Policies and Goals for 2006. A policy, adopted by the Council, was to make the 1st, 3rd, and 4th Wednesdays of the month joint regular meetings with the Redevelopment Agency (RDA). On February 15, 2006, staff returned to the City Council with a proposed ordinance amendment that would facilitate holding regular meetings on the 1st, 3rd, and 4th Wednesdays of the month as well as an amendment to the *Amended and Restated Bylaws* of the RDA that would also identify the 1st, 3rd, and 4th Wednesdays of the month as regular meeting days. The RDA amended the Bylaws on February 15; and on March 1, 2006, the City Council adopted the appropriate ordinance amendment(s); facilitating both bodies holding regular meetings on the 1st, 3rd, and 4th Wednesdays of the month.

On March 1, 2006, the City Council reviewed its summer meeting schedule. Following Council discussion, the Council agreed to cancel the following meetings: first Wednesday in July; and the first and third Wednesdays in August. If it is the Council's intent to hold legislative recesses during the months of July and August on a yearly basis, staff has drafted the attached policy to facilitate the legislative recesses for Council consideration. Staff also included legislative recesses for the months of January, November and December for Council consideration. Should the Council agree to adopt the attached policy, it will accommodate flexibility in meeting community/civic commitments; vacations and the City's operations schedule. As the Redevelopment Agency amended the Bylaws to establish the 1st, 3rd and 4th Wednesdays as regular meeting dates, the Policy, if adopted, would also apply to the RDA. Adoption of a policy would not necessitate staff preparing staff reports and coming before the Council twice a year to review the summer and holiday meeting schedule.

FISCAL IMPACT: No budget adjustment required.

**CITY OF MORGAN HILL
JOINT REGULAR REDEVELOPMENT AGENCY
AND SPECIAL CITY COUNCIL MEETING
MINUTES – FEBRUARY 22, 2006**

CALL TO ORDER

Chairman/Mayor Kennedy called the special meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Present: Agency/Council Members Carr, Grzan, Sellers, Tate and Chairperson/Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Mayor Kennedy presented the Future Business Leaders of America Week proclamation to Live Oak High School Students, Elaine Liu and Tiffany Shuyan. These students presented a report on the activities/services the Live Oak High School Business Leaders have been involved with throughout the years.

CITY COUNCIL SUBCOMMITTEE REPORT

Council Member Tate indicated that the Financial Policy & Legal Affairs Committee met this afternoon. This Committee is overseeing the Community Conversation; indicating that this process is going extremely well. He indicated that the Committee discussed some of the follow-up activities that need to take place. The Committee would like to return to the Council with a report requesting direction. The Committee is recommending a Capstone event be held on April 29, 2006 and that additional services may add a little to the consultant's contract. The Committee would also like to bring back to the Council the second survey to be performed; verifying the Council still wants to proceed with a second survey.

OTHER REPORTS

None.

PUBLIC COMMENT

Chairman/Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Carol O'Hare, President of the Friends of the Library, invited the Council to the Library groundbreaking ceremony to be held on Saturday, April 15, 2 p.m. She said that everyone in the community is invited to this ground breaking ceremony, and requested that individuals bring shovels to help with the groundbreaking ceremony.

Dana Kellogg expressed concern with the safety issue associated with grocery carts being left on streets, properties adjacent to sidewalks, and sidewalks as children tend to use them as toys. He requested a better understanding of what the City can do to eliminate this safety concern.

No further comments were offered.

City Manager Tewes responded to the shopping cart concern. He indicated that staff has been working with the supermarkets and other stores who have shopping carts to try to ensure that they have regular patrols to pick up the shopping carts. He stated that carts are not always picked up on a timely basis. Therefore, there are some places in town where shopping carts are left. He acknowledged that abandoned shopping carts can be a nuisance and that staff has to redouble its efforts to work with the merchants. He indicated that the City does not have a city-financed shopping cart abatement program. He said that a couple of years ago, state legislators determined this was of a state-wide significance and that local cities could not adopt shopping cart ordinances unless they met certain state-wide standards. He indicated that staff will be researching these standards and providing the information to Mr. Kellogg and the Council, should it wish to pursue this matter in the future.

Mayor Pro Tempore Grzan and Mayor Kennedy welcomed City Attorney Janet Kern to the Council meeting and the City of Morgan Hill.

Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Agency Member Tate and seconded by Agency Member Sellers, the Agency Board unanimously (5-0) **Approved** Consent Calendar Item 1 as follows:*

1. **JANUARY 2006 FINANCE & INVESTMENT REPORT - RDA**
 Action: Accepted and Filed Report

City Council Action

CONSENT CALENDAR:

Mayor Kennedy indicated that it was his understanding that item 4 needs to be removed from the Consent Calendar for discussion.

City Manager Tewes recommended that item 7 remain on consent. He indicated that staff has provided the Council with the resolution described in the staff report, but not made available until this evening.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 2, 3, 5-8, as follows:*

2. **JANUARY 2006 FINANCE & INVESTMENT REPORT - CITY**
Action: ***Accepted** and **Filed** Report*
3. **MID-YEAR UPDATE - 2005/2006 WORKPLAN**
Action: ***Accepted** Report.*
5. **RESIGNATION OF A LIBRARY, CULTURE & ARTS COMMISSIONER**
Action: *1) **Accepted** Jeanne Gregg's Resignation from the Library, Culture and Arts Commission; and 2) **Directed** the City Clerk to Commence Recruitment Efforts to Fill the Vacancy Concurrently with Upcoming Recruitment Efforts.*
6. **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9567, COYOTE ESTATES PHASE VIII**
Action: *1) **Adopted** Resolution No. 5977, Accepting the Subdivision Improvements Included in Tract 9567, Commonly Known as Coyote Estates Phase VIII; and 2) **Directed** the City Clerk to File a Notice of Completion with the County Recorder's Office.*
7. **CONDITIONAL VACATION OF A PORTION OF A PUBLIC UTILITY EASEMENT ON APN: 728-37-002 AND APN: 728-37-004**
Action: *1) **Adopted** Resolution No. 5978, as Presented at the Meeting, Declaring Summary Vacation of a Portion of a Public Utility Easement on APN: 728-37-002 and 728-37-004; and 2) **Directed** the City Clerk to File a Certified Copy of the Resolution with the Santa Clara County Recorder Upon Relocation of the Sewer Main and Granting of the New Public Utility Easement.*
8. **JOINT CITY COUNCIL REGULAR AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES**
Action: ***Approved** as Submitted.*
4. **SPECIAL CITY COUNCIL MEETING TO BE SCHEDULED FOR MARCH 29, 2006**
29, 2006 for Community Development Department Items.

City Manager Tewes indicated that this item has been brought before the Council because of the complexity and the likelihood the City might have a crowd for 17 different annexations being pursued under the "Island Annexation Provisions." He stated that staff has been working with the Local Agency Formation Commission under a state law that expires soon. Should the City proceed with these annexations, the City must stay on a rigorous time schedule. He clarified that there are 17 different proposals that involve a number of property owners. He stated that staff expects a full house when the Council addresses the annexations. Staff believes it would be appropriate to have a separate meeting in

order to provide time to focus on these issues. Staff is proposing that the Council reserve March 29, 2006 as a special meeting date to consider the annexations. He indicated the Council has an interest in other meetings throughout the month, and felt that it might be appropriate to talk about these meeting dates as well.

Council Member Sellers indicated that he does not anticipate being available on March 29 as it was an open date. He understands this is an issue the Council will need to address; noting that the Council will be shorthanded most of the month of March. He inquired whether the timeline precludes the Council from holding the annexation hearings earlier.

City Manager Tewes said that this item could be considered earlier or a week or two later; recognizing that there may be many contentious business items before the Council.

Council Member Sellers suggested that April 12 be a meeting date to be considered.

Council Member Tate stated his preference to an April 12 special meeting date.

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Agreed** to Hold a Special City Council Meeting on April 12, 2006 to discuss the items described by the City Manager.*

City Council Action

OTHER BUSINESS:

9. DEVELOP CITY COUNCIL POSITION REGARDING PROPOSED VALLEY TRANSPORTATION AUTHORITY (VTA) QUARTER-CENT SALES TAX TO SUPPORT LONG-TERM TRANSIT CAPITAL IMPROVEMENT PROJECT (CIP) EXPENDITURE PLAN

Deputy Director of Public Works Bjarke presented the staff report, indicating that the Council is being asked to consider VTA's proposed ¼ cent sales tax and associated expenditure plan; primarily for Measure A programs. He stated that there are two action items before the Council: 1) take a position in support or none support of the proposed ¼ cent sales tax; and 2) provide direction to the Council's VTA Board representative who will be representing the City at the March 2, 2006 VTA meeting. He noted that this item was continued from the Council's meeting of January 25, 2006 based on the fact that there was general consensus that there were some questions left unanswered, and that the VTA Board decided to defer acting on this item until March 2. Therefore, the Council deferred this item to this evening. Since the January 25, 2006 meeting, a letter was sent, dated January 31, 2006 signed by the Mayor to the VTA Board of Directors, seeking clarification on the issues/questions raised by the Council. He informed the Council that the City did not receive a formal response from the VTA Board of Directors. VTA staff has been trying to answer some of the questions through e-mails included in the Council packet, as well as additional data. He indicated that Jim Lawson, VTA Government Affairs Office, was in attendance to answer questions the Council may have. He indicated that the Council was recently

notified that the Santa Clara County Board of Supervisors is contemplating a ½ cent general sales tax measure. He summarized VTA's proposed ¼ cent sales tax by stating that this would be a 30-year ¼ cent sales tax that would supplement the 2000 Measure A Transit Program. He indicated that the added sales tax revenue would allow the entire Measure A program to be completed with reserves. He identified four items that are new and dependent on the ¼ cent sales tax proposal: bus rapid transit; senior-disabled program; a BART operating subsidy; and \$717 million for local streets, county expressways and bicycle projects. Projects proposed for South County: Caltrain improvements that include 8.4 miles of double tracking to be completed by 2010 (included in the original Measure program); Caltrain electrification; bus rapid transit; 24% increase in bus and rail service; senior-disabled program; bicycle and pedestrian program, and pavement projects (\$122,000 per year for Morgan Hill). He said that the County Expressway fund is an item included in the plan.

Council Member Tate inquired as to the level of commitments to these projects. (What will VTA commit to in writing to South County?)

Mayor Kennedy indicated that he spoke to VTA's general manager on this question today. The response was that it would be up to the VTA Board to determine whether they want to add specific language. As the Council's VTA Board representative, he would push to include the language requested by the Council. However, he noted that it would take a VTA Board to include a commitment to South County. He noted that South County does not have expressways, and that it was suggested that VTA identify Monterey Road, Santa Teresa, and Butterfield Boulevard as South County's equivalent to expressways; asking that this language be included. He stated that he would base his support conditionally, upon language being included in the VTA Board's action.

Mr. Bjarke informed the Council of significant upcoming meeting dates: Santa Clara County Board of Supervisors to meet on February 28 to consider the proposed ½ cent sales tax for a June 6, 2006 ballot measure; and VTA Board of Directors to consider the ¼ cent sales plan and expenditure plan on March 2. He referred the Council to the pages in the agenda packet that addresses the Council's questions.

Mayor Kennedy indicated that he distributed a memorandum to the Council and staff as to his recommendations for Council action. He stated that dialog and discussions are occurring at the City level as well as at the County level; including Supervisor Don Gage in discussions regarding the proposed VTA scenario and the ¼ cent sales tax proposal. He recommended the Council grant him latitude to negotiate to achieve the Council's desired goals as the City's VTA Board representative. He suggested the following goals: 1) Morgan Hill's position should be one that requires VTA Board language to state that both BART and Caltrain proceed; one not proceeding without the other. He felt that Caltrain has an equal priority to BART. He recommended the City push for a position that Caltrain has equal priority to BART. If BART starts to use up all of the funds, it is not to be at the expense of Caltrain. 2) Any support of the VTA transit capital improvement program is depended upon the Board including language that supports the projects Morgan Hill has identified (e.g., identify Monterey Road and Santa Teresa Boulevard as major arterials for funding comparable to other county expressways; community busing; expanded bus service; expanded Caltrain service, including double tracking. He noted the words "double tracking" were included in the original Measure A language). 3) Consider support for a county-wide ½ cent sales tax only if it includes provisions for general services that meets

the needs of cities and VTA; meeting councils and County goals. If a pavement management funding program is considered, the City does not want to use the 1996 Measure B formula because it unfairly penalizes cities that have had a higher population growth rate. Therefore, he recommended a formula be used that is based upon more recent population numbers.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Mayor Pro Tempore Grzan said that he was intrigued by the County's proposal for a similar measure. He noted that the County's proposal has a $\frac{1}{3}$ - $\frac{1}{3}$ - $\frac{1}{3}$ split going to cities, VTA and the County.

City Manager Tewes said that there was a proposal approximately a year ago that would propose a $\frac{1}{3}$ split that received support from the Morgan Hill City Council, but not much support elsewhere in the county. In the meantime, the County Board of Supervisors have been advised by County Counsel that Proposition 218 has significantly changed the way in which one can proceed with taxes. To proceed with a tax would require a majority vote for a general tax to be used for any general county purpose. Therefore, the County could not earmark, in any percentages, the funds for VTA or cities. He stated that it was his understanding that on Tuesday, February 28, the County Board of Supervisors will consider whether or not to place a general tax on the ballot. As a general tax, the Board might indicate a full range of responsibilities the County has that could include regional transportation issues as well as support to cities. However, the County Board of Supervisors cannot specify the specific proportion of revenues to be earmarked to these projects.

Council Member Sellers felt the County's proposal for a shared tax was a good idea. He said that he had the opportunity to have discussions with several County Board of Supervisors over the last week or so who have indicated that the proposal would be a general tax. If the County decides to move forward with a tax measure, it would be the County who would be in charge of the tax dollars. There is a concern that even though the County Board of Supervisors may have latitude to make the linkage between the types of projects to be funded, he senses reluctance by the Board to call for anything more specific than the County indicating they would provide services; indicating that they have a \$111 million annual shortfall. Therefore, they need these additional funds. It was his belief that this would be the gist of what the County will move forward with. There may be several individuals involved who will be hopeful that some of the funds will go to non profit organizations and community/transportation activities.

Council Member Sellers stated that he did not receive the information distributed earlier this evening. He commented on some of the goals as outlined by Mayor Kennedy. He referred to the first goal that both Caltrain and BART proceed. He did not know what in Caltrain would proceed and recommended this statement be clarified. He said that there are funds in place to proceed with double tracking in 2010 in a way that would allow expanded services to meet the needs for the long term. He would support adding two tracks north and south of Morgan Hill that would allow the trains to significantly expand. He felt that making the linkage between VTA and the County's $\frac{1}{2}$ cent sales tax to be premature or presumptuous, on the City's part, as the County has not indicated that these funds would go to VTA. He was not sure that meeting the needs of the cities and VTA meets the Council's transit goals, or whether they were a broader council goal; noting that this is a general tax. He stated that it was stated that the

County has a variety of programs the City is associated with. He requested clarification of this statement.

Jim Lawson, VTA Government Affairs Office, stated that the Board of Supervisors heard the same information from County Counsel that the VTA Board heard from their general counsel. The information is what has been relayed by Mayor Kennedy, City Manager Tewes and Council Member Sellers. He said that any tax the County desires to put forward needs to be used for general county purposes, and cannot be linked to anything else. He said that this would become problematic for the County and VTA. Should the County decide to place a tax measure on the ballot in June or November 2006, someone will be attending the Council's meeting requesting Council support. The same would occur in terms of the VTA. He stated that the VTA Board has the ability to place measures on the ballot to be used for VTA's special district and would require a 2/3 vote for transit and highway related purposes. He agreed this is an extremely fluid situation. He suggested the Council give its VTA Board representative the maximum amount of flexibility in this fluid situation.

Council Member Carr referred to page 129 of the agenda packet, the e-mail from Mr. Lawson to Mr. Bjarke. He noted the e-mail identifies the new projects added to the expenditure plan. He inquired whether these were new projects in addition to the Measure A projects.

Mr. Lawson stated that these would be the projects the Board of Directors and associated cities felt were important to add. The pavement management program was one that was sensitive and successful in the prior measure. He indicated that the BART operating subsidy is in addition to what was included in Measure A.

Council Member Carr referred to page 133, the VTA Board memorandum dated December 23, 2005. He read from page 2 of 7, the last paragraph that reads as follows: The immediate results of using the new sales tax data is that all Measure A projects can be completed as initial projects, subject to a proposed ¼ cent sales tax passing in 2006. In reading this sentence, he felt the statement to mean that VTA stipulates that the Measure A projects cannot be completed under the existing funding mechanism.

Mr. Lawson clarified that under the existing funding mechanism, VTA is incapable of providing all of the Measure A projects. It is also incapable of maintaining the level of service it currently has.

Council Member Carr said that he is having difficulty in looking at a new 30-year plan and a new funding plan without knowing how far VTA would get with what has already been promised to taxpayers. He felt that what needs to be gagged is what wouldn't get done in order to decide whether a new funding source and new funding plan is necessary to finish the Measure A projects.

Mr. Lawson said that at the VTA Board workshop, the Board asked for two scenarios to be presented without the additional ¼ cent sales tax (e.g., new projects, no new projects). In both instances, the numbers become substantially negative numbers (e.g., \$3 billion and \$4 billion). The decision as to which of these projects do not get completed is a decision the VTA Board will need to make. He stated that the Ad Hoc Financial Stability Committee recommended that a new source of revenue was necessary 2-3 years ago. He clarified that some projects have moved to the completion plan that means

there is no funding for the projects, yet; and that the balance is extremely negative. He stated that staff is not in a position to state which projects would be completed.

Council Member Carr referred to page 4 of 7, the summary of the projects and timeline being recommended in VTA Scenario #1. He inquired whether this was a City of San Jose recommendation, and not necessarily what VTA staff or the Board have adopted.

Mr. Lawson indicated that the italicized version is staff's response to the City's request. He clarified that the recommended VTA scenario is the 30-year expenditure plan that includes a new revenue source being discussed this evening. He clarified that the completion program would be those projects for which adequate funding had been identified, over the course of the project. These would be the initial projects, and that a completion column was established for those projects that did not have funding identified. He clarified that this does not refer to the measure language, but refers to the initial programs for those that could be funded. The completion programs were those projects looking for funding.

Council Member Tate felt that Mayor Kennedy's suggested goal #1 was on target. He agreed that the Council does not have a specific item to point to as a tax measure. He further agreed that there is some benefit to South County for BART, but this is not enough to justify supporting the additional tax, in whatever form it may take. Until the City receives commitments from VTA in writing as to how they would include other South County and Morgan Hill projects, he could not support being in favor of whatever tax measure comes before the Council.

Mayor Kennedy indicated that the VTA Board will act on the statement contained in the December 23 memo from the VTA Board of directors from Michael Burns and Jack Collins. The memo recommends adoption of the VTA 2000 Measure A Transit Program with a revenue expenditure plan that assumes a new ¼ cent sales tax; supporting the construction and operation of the 2000 Measure A projects and some new projects and programming. He clarified that the intent of the first item in his written submittal is that there is a group of north and south County cities for which Caltrain is an important issue; equally important to BART. He said that the language is stated in a manner that would gain support and maintain support from cities to the north as well. He stated that there are 12 members on the VTA Board who are equally divided between those who are strong supporters of BART and those in strong support of Caltrain. He said that his comment reflects the vision of the VTA Board. However, he understands that Council Member Tate would like to make sure that Morgan Hill-South County projects proceed. He noted that this goal is included in the second comment.

Council Member Tate indicated that he would like to see the complete list of South County projects with commitments identified. He would give some credit to BART, but not if it receives first priority should funding run out and other projects do not move forward. He recommended that this complete list be included under the second goal.

Mayor Kennedy stated that he has been meeting on this issue up to the last minute. He indicated that he spent several hours meeting with Council Member Greg Perry, City of Mountain View, last Wednesday. He informed the Council that Council Member Perry has serious concerns about the capacity to deliver all of the projects under the VTA scenario. He said that he respects Council Member Perry's analysis

and thoroughness in preparing his position. It is Council Member Perry's conclusion that the bonding capability will not allow the VTA scenario to proceed unless BART takes up all of the monies while other projects suffer. He indicated that this discussion is ongoing. He will be meeting with Supervisor Gage to discuss his position. He said that as a VTA Board Member, he would be representing Morgan Hill, Gilroy and Milpitas. He noted that Milpitas would benefit greatly from BART, while South County would benefit from Caltrain. He stated that he received a letter from the Mayor of Milpitas requesting support of their position (in support of the VTA scenario). He noted that Mayor Pinhero, City of Gilroy, has offered a counter position; indicating that the Gilroy City Council is not supportive of a ¼ cent sales tax. He acknowledged that this is an extremely complex question and apologized for the late submittal of his report as he has been working on his report to the very last minute before presenting it to the Council.

Council Member Sellers said that given the fluidity of the situation, and the fact the Council would be meeting next Wednesday, he would like to hear more about the best way to proceed; given the fact that the ½ cent sales tax issue is being considered. He noted there is no direct tie or commitment associated with the ½ cent sales tax to the city. He recommended the Council request a report back from the City's representative to the VTA Board on March 1, 2006 with his thought on what he plans on doing on March 2. The Council can weigh in on the decision before the VTA Board meeting.

Action: *Council Member Sellers made a motion, seconded by Mayor Pro Tempore Grzan, to **request** the City's VTA Board representative to give a report at the March 1, 2006 Council meeting with any action being deferred until after the report is given.*

Mayor Kennedy felt there would be a lot of discussion by board members on what their cities want, and that there may be some opportunity for "give and take" at the March 2 VTA Board meeting. Therefore, it is important for him to know what are the highest priorities for the Council. He said that he has heard that it is the City's previous list sent to the VTA Board that needs to be more inclusive.

Council Member Sellers concurred that the previous list is needed; and that it would be important to know where the issue is as far as the decision making process. He recommended the Council focus on this scenario. He wanted to know VTA's inclination at the Council's March 1 meeting.

Mayor Kennedy said that if Council Member Perry's position is correct in that bonding will severely limit the number of projects that can move forward, and that projects need to fall off the list, he inquired as to the City's highest priority. It was his understanding that the Council supports the prior list; noting that BART was not included in the list. He felt there is an unwritten message he is receiving that BART is not the top priority, and inquired whether the other projects were of top priority.

Council Member Carr felt that the 2000 Measure A projects should be the priority projects as the voters were promised a package of goods when they voted to approve these projects. He felt it incumbent upon the VTA Board to make these projects a commitment; completing these projects. If there is not enough money in the Measure A tax, the new revenue source should go toward completing the Measure A programs. It may be that the VTA Board will need some latitude to make some changes because some of the projects may no longer make sense. However, it was his belief the City should focus on Measure

A projects before talking about new projects or new timelines. It was his understanding that the new program would step up the timeline for completing projects, including BART, by adding new revenue sources. Unless the rest of the Measure A programs are also identified as being completed, he did not believe that monies should be spent to move up projects at the expense of Measure A projects. He recommended that this be a priority of the Council. He would like to talk about South County goals; including Morgan Hill goals. If there are items the Council specifically wants for Morgan Hill that are not included in the memo, he recommended they be included. He felt the Council needs to talk about South County goals as this is the only way the City has some leverage with the ability to bring on board the Santa Clara County Board of Supervisors. He felt this was the only means of having a South County perspective on this issue.

Mayor Kennedy noted that Mr. Lawson stated that if a ¼ cent sales tax is not included, the new projects would go away. Also, the projects included in Measure A would not be completed.

Council Member Carr reiterated that focus should be given to finding revenue to complete the original programs before thinking about other projects.

Council Member Tate concurred with Council Member Carr's comment that projects identified with the original Measure A program should not be dropped, especially moving up BART or any other projects.

Mayor Kennedy did not believe it is a question of moving up the BART project, but a question of delaying the completion of BART. It was his belief that the VTA scenario includes a BART completion of 2016.

Mr. Lawson said that the current version of the scenario has BART being completed in 2016. Because of the magnitude of the BART project, when you move it back, the cost of inflation tends to eliminate the advantages that might be achieved by postponing it. He said that one of the reasons the last scenario worked was due to the fact that BART was moved forward.

Mayor Pro Tempore Grzan noted that there are other organizations that will be proposing taxes as well (e.g., County, School District, and the City). He expressed concern that the voters will be facing several tax measures at the same time and may reject all measures. He was not sure whether he could support one or all possible tax measures that may come forward. He said that he is having difficulty in looking at this tax measure without looking at all other tax measures; particularly the needs of Morgan Hill. He noted that the City's need to support core services outweigh transportation issues. If he had to support a tax, it would be the one that would generate the most funds for Morgan Hill to avoid some of the serious decisions that will need to be made down the road.

Mayor Kennedy said that the proposed county-wide ½ cent sales tax, if it includes funding for cities, VTA and the County, could fulfill Mayor Pro Tempore Grzan's objectives with just one single tax and reduce some of the voter confusion and overlap.

Vote: *The motion carried unanimously (5-0).*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

Redevelopment Agency and City Council Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Kern announced the below listed closed session item.

1.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority

Government Code 54957

Public Employee Performance Evaluation:

City Manager

Attendees:

City Council, City Manager

OPPORTUNITY FOR PUBLIC COMMENT

Chairman/Mayor Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Chairman/Mayor Kennedy adjourned the meeting to Closed Session at 8:12 p.m.

RECONVENE

Chairman/Mayor Kennedy reconvened the meeting at 8:45 p.m.

CLOSED SESSION ANNOUNCEMENT

Mayor/Chairman Kennedy announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 8:46 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, AGENCY SECRETARY/CITY CLERK

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – MARCH 1, 2006**

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, Sellers, Tate and Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Kern announced the below listed closed session items.

1.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: In Re Gregory T. Hemming and Kimberley L. Hemming
Case Number: United States Bankruptcy Court, Eastern District of California,
Case No. 2004-20318-A-7

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)
Case Name: Berkman v. City of Morgan Hill et al.
Case Number: Santa Clara County Superior Court, 1-04-CV-031021

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 6:05 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 7:00 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Kern announced that no reportable action was taken in closed session.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL REPORT

Council Member Sellers indicated that he chairs the Economic Development Committee, serving with Council Member Carr. He said that the Committee has been focusing on making City Hall more user friendly for individuals who do business with the City; particularly for businesses the Council would like to see be a part of the Morgan Hill community. He said that staff has made significant advances on in this regard, hiring a senior planner who will focus on business efforts. He said that the Committee has performed a close review of all activities undertaken by the City to see what can be done to make them easier for those trying to do business with the City. He noted the City was undertaking a review of all planning processes to further assist in the ability to help identify impediments to businesses wanting to do business in the City. He indicated that last night, the County Board of Supervisors placed a ½ cent sales tax on the ballot. He felt it would be incumbent upon the City Council to weigh in on this sales tax. He recommended that the Financial Policy and/or Regional Planning & Transportation Committees review this matter as this tax measure will have a large impact on the City and the County for many years to come, should the measure pass.

CITY COUNCIL SUBCOMMITTEE REPORT

CITY MANAGER REPORT

City Manager Tewes reported on the Community Conversations, indicating that they are moving along well. He indicated that the Community Conversation is a process where citizens are asked to come together on a facilitated conversation that requires a commitment of approximately 2½ hours of time. Participants provide assistance to the Council about what is important to them about future city services and how to pay for these services. He announced that there are 9 sessions scheduled for the balance of this month, and that there are opportunities for organizations to contact the City to host a Community Conversation. He invited community members to participate in upcoming conversations. Individuals can call City Hall to confirm attendance, or to check out a variety of materials that can be found on the City's website.

CITY ATTORNEY REPORT

City Attorney Kern indicated that she did not have a City Attorney's report to present.

OTHER REPORTS

None.

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comment for items not appearing on this evening's agenda.

Jeff Pederson indicated that on Monday, February 27, 2006, a meeting was called by American Anchorpoint and Oak Meadow Plaza, owners of property that is subject to a Memorandum of Understanding (MOU) approved by the Council on February 1, 2006. It was at this meeting that it was stated that an MOU had been executed on development of lands that border the Parkside and Kendall Hill Homes. He said that this was a revelation that should have required public notification to neighboring property owners, and subject to CEQA review prior to approval. Even though it was stated that the MOU was none binding, it made mention to specific development potential for the property. He did not know how the Council could have approved the MOU without undertaking CEQA review. He indicated that he understood that there has been a long process in the preparation of an urban growth study and an excellent attempt on the part of the City Council, to preserve open space and hillside development. He felt that as specific as this MOU is, it should have gone through CEQA review and that adjacent property owners should have been notified prior to Council taking action on the MOU. He did not know how the City Council will resolve this short coming, given that the MOU has been executed. He felt the City should undertake some analysis on what the potential development would do to the natural and man made environment. He informed the Council that there was a lot of concern expressed regarding the traffic impacts on the Parkside and Kendall Hill development. He did not believe this concern has been analyzed, and should have been analyzed before Council taking action. He requested the City provide a written response to his comments to the Parkside Homeowners Association.

No further comments were offered.

Director of Community Development Molloy Previsich stated that the MOU was carefully structured. Emphasized, within the document, was the purpose of defining a project description. She clarified that the reason the City is a party to the MOU is attributed to the fact that one of the City owned parcels is part of the action plan that came out of the Urban Limit Line-Greenbelt Study. She said that there are 3-4 property owners who would trade land and take certain actions. Therefore, it was necessary that the MOU and the City Council define the project for the purpose of performing an environmental analysis. As the MOU now defines what each party to the MOU would be doing, under the project description, this is being evaluated in an environmental document. She stated that a mitigated negative declaration is being circulated for public review. She indicated that the Planning Commission will be holding a public hearing, and that the matter is scheduled to come before the City Council on April 5.

Council Member Sellers requested that extra efforts be undertaken to notify the adjacent residential development of the upcoming public hearing.

Ms. Molloy Previsich indicated that there is some public notification taking place, but that staff will double check to make sure that the Parkside Homeowners Association is notified of the public hearing.

Mayor Kennedy requested that staff contact Mr. Pederson and make sure that his concerns are being addressed.

City Council Action

CONSENT CALENDAR:

Mayor Kennedy announced that item 7 would be pulled from the Consent Calendar and rescheduled for a future City Council meeting.

Mayor Kennedy requested that item 1, Council Member Tate requested that item 2 and Mayor Pro Tempore Grzan requested that item 5 be removed from the Consent Calendar.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 3, 4 and 6-14 as follows:*

3. **ACCEPT DEPOT STREET SEWER REPLACEMENT PROJECT**

Action: *1) **Accepted** as Complete the Depot Street Sewer Replacement Project in the Final Amount of \$357,310; and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

4. **APPROVE DISADVANTAGED BUSINESS ENTERPRISE (DBE) ANNUAL GOAL**

Action: ***Approved** the City's Disadvantaged Business Enterprise Annual Overall DBE Goal of 3.8% for the Federal Fiscal Year 2005/2006, Beginning on October 1, 2005 and Ending on September 30, 2006.*

6. **APPROVAL OF \$264,270 FOR INTERIOR FURNITURE FOR THE INDOOR RECREATION CENTER (IRC)**

Action: ***Authorized** the City Manager to Execute a Contract with Axiom II Business Interiors to Provide and Install the Selected Interior Furniture for the Indoor Recreation Center in an Amount not to exceed \$259,270 with a Contingency of \$5,000; Subject to Review and Approval by the City Attorney.*

7. **PURCHASE OF POLICE DEPARTMENT MSO/PRISONER TRANSPORT VEHICLE**

Action: ***Authorized** Vehicle Purchase and Police Equipment Build-Out through The Ford Store Morgan Hill for the Identified Vehicle for a Total Cost of \$40,030.02.*

8. **ADOPT ORDINANCE NO. 1757, NEW SERIES**

Action: ***Waived** the Reading, and **Adopted** Ordinance No. 1757, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO DEVELOPMENT AGREEMENT, DA 03-11 TO INCORPORATE CHANGES IN THE SCHEDULE AND PROCESS TO CONSTRUCT THE 3RD BELOW MARKET RATE (BMR) UNIT FOR APPLICATION MP 02-07: CORY-SAN PEDRO PARTNERS. (APN 817-11-061)***

9. **ADOPT ORDINANCE NO. 1758, NEW SERIES**

Action: Waived the Reading, and Adopted Ordinance No. 1758, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING A PRECISE DEVELOPMENT PLAN TO ALLOW FOR THE SHARED USE OF A 32 SQUARE FOOT MONUMENT SIGN TO BE LOCATED ON THE SOUTHEAST CORNER OF THE INTERSECTION OF EAST DUNNE AVENUE AND SAN BENANCIO WAY. (APN 817-11-013)**

10. **ADOPT ORDINANCE NO. 1759, NEW SERIES**

Action: Waived the Reading, and Adopted Ordinance No. 1759, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH AN R-2 3,500/RESIDENTIAL PLANNED DEVELOPMENT ON A .298 ACRE SITE LOCATED ON THE SOUTH SIDE OF SAN PEDRO AVENUE AT THE EASTERLY CORNER OF CORY LANE. (APN 817-59-052)**

11. **ADOPT ORDINANCE NO. 1760, NEW SERIES**

Action: Waived the Reading, and Adopted Ordinance No. 1760, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA-05-12 SAN PEDRO-AHMADI FOR APPLICATION MMC-04-06: SAN PEDRO-AHMADI. (APN 817-59-052)**

12. **ADOPT ORDINANCE NO. 1761, NEW SERIES**

Action: Waived the Reading, and Adopted Ordinance No. 1761, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 3.56 [DEVELOPMENT IMPACT MITIGATION FEES] OF TITLE 3 [REVENUE AND FINANCE] BY ADDING SECTION 3.56.065 [EXEMPTION FROM FEE INCREASE] AND SECTION 3.56.095 [DEFERRAL OF PAYMENT OF SEWER AND TRAFFIC IMPACT FEES]; AMENDING CHAPTER 12.02 [STREET AND SIDEWALK DEVELOPMENT] OF TITLE 12 [STREETS, SIDEWALKS, AND PUBLIC PLACES] BY ADDING SECTION 12.02.115 [DEFERRAL OF UNDERGROUND UTILITY IN LIEU FEE]; AND REPEALING CHAPTER 3.44 [DEVELOPMENT IMPACT FEES] OF TITLE 3 [REVENUE AND FINANCE].**

13. **ADOPT ORDINANCE NO. 1762, NEW SERIES**

Action: Waived the Reading, and Adopted Ordinance No. 1762, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 2.04.010 OF THE MUNICIPAL CODE, REGARDING THE TIME AND LOCATION OF THE COUNCIL MEETINGS.**

**14. JOINT CITY COUNCIL SPECIAL & REGULAR AND REDEVELOPMENT AGENCY
SPECIAL MEETING MINUTES FOR FEBRUARY 15, 2006**

Action: *Approved as Submitted.*

Item 1, 2 and 5 removed from Consent Calendar for discussion:

**1. POLICY RECOMMENDATION REGARDING THE EARLY START OF
CONSTRUCTION FOR PROJECTS AWARDED A BUILDING ALLOTMENT**

Mayor Kennedy offered a proposed change to the policy language. He referred to page 3 of the agenda packet, introduction, second to last sentence that reads: “Given that the development allocation are actually award...as long as the units are not completed and occupied until after the start of the Fiscal Year.” He referred to the policy section, last sentence that states: “Construction shall be in the project...to ensure that the dwelling units are not completed.” He felt that the words “and occupied” should be included in the policy statement.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Adopted** Council Policy to Allow Earlier Construction Starts for Residential Projects Awarded an RDCS Building Allotment, **as amended** by Mayor Kennedy.*

**2. REPORT ON POSSIBLE BALLOT MEASURE TO AMEND MEASURE C FOR
DOWNTOWN RESIDENTIAL AND MIXED USE PROJECTS**

Council Member Tate noted that this item is a report on a possible ballot measure to amend Measure C for downtown residential and mixed use projects. He indicated that he has no problems with the recommended actions. However, he noted that the recommended action is to receive another report by July 2006 for a possible November 2006 ballot measure. He stated that he supports this recommendation. However, he was intrigued because of the nature of what the discussion is about. He noted that the Community & Economic Development Committee minutes to a workshop held on January 13, 2006 were included in the agenda packet. He indicated that in the minutes, there is discussion about the Community & Economic Development Committee conducting further work on the Downtown Plan (e.g., updating, modifying, or extending Plan). He said that this has been the subject of a lot of discussion around town recently. He said that there are several individuals asking about specifics; inquiring how the Downtown Plan can be made more specific/less specific, etc. He said that this is an area he does not have a lot of knowledge or expertise in. He was pleased that the Economic Development Committee is willing to step forward and take this on. However, he would like the Council to be involved in the process or at least understand whether the Committee will be undertaking the review of the Downtown Plan. He inquired as to what specific objectives are being set by the Committee. He requested that the Committee report frequently at Council meetings so that Council members can understand what is going on. He said that he needs to understand what is needed in the Downtown Plan.

Council Member Sellers agreed that the Downtown Plan has been a topic of a lot of discussion. He said that the Committee has decided that the first step is to make sure that everyone is clear about what is

stated in the Downtown Plan, what it is/isn't, and what direction it sets for the downtown. He noted that at the Council's annual workshop, it was one of the items the Council discussed. The Council directed the Committee to undertake an education effort to let individuals know what the Downtown Plan is all about. He felt the Downtown Plan was more of a comprehensive document than what some individuals recall it to be. He stated that the Economic Development Committee will make sure a concerted effort to inform the community and the Council what is contained in the Downtown Plan. At that time, it can be determined whether the Downtown Plan needs to be updated. He stated that he has indicated to the Downtown Association that he would like direction from them, and that they should work with the Committee in order to address their concerns. He said he would be willing to bring this item back to the Council at a future meeting.

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council unanimously (5-0): 1) **Received** Information; 2) **Directed** the Community and Economic Development Council Committee to Continue Discussing the Possibility of a Measure for the November 2006 or Later Ballot; and 3) **Report** Back to the City Council with a Status Report by July 2006.*

5. FINAL MAP APPROVAL FOR MISSION RANCH PHASE 9A (TRACT 9777)

Mayor Pro Tempore Grzan indicated that he has an answer to his question.

Action: *On a motion by Mayor Pro Tempore Grzan and seconded by Council Member Sellers, the City Council unanimously (5-0) **Authorized** the Recordation of the Final Map.*

Redevelopment Agency Action

CONSENT CALENDAR:

Chairman Kennedy announced that item 15 would be removed from the Consent Calendar as there was a member of the public wishing to address the item.

15. APPROVAL OF \$39,080 FOR INTERIOR DESIGN SERVICES TO SELECT INTERIOR FIXTURES AND FURNITURE FOR THE NEW LIBRARY

Robert Benich noted that the City of Morgan Hill is experiencing a \$1.5 million deficit and that the City is holding several community conversations to try and figure out how to cut costs or raise revenues. He felt that spending \$39,080 for a consultant to pick out furnishings and furniture was beyond belief. At \$50 per hour, he noted that this would pay for five months of full time work, or at \$100 per hour would pay for 2½ months of full time work. He felt the City's procurement manager should have made furniture and furnishing a part of the original bid; negotiating this as part of the services. He felt there were a lot of companies who like to sell furniture to the library, and would be happy to give the City services as part of the deal. He stated his objections to spending \$39,000 as he felt the City has a reputation of granting a lot of consulting contracts. He stated that it was time to place a stop to this; even to the point where former employees of the City oftentimes are given consulting contracts. He recommended the City cut back on this practice as well. He felt the City needs to exercise fiscal restraint.

Mayor Kennedy inquired as to the total cost of construction (design costs), and what percentage this represents. Is this amount typical for a project of this size?

Project Manager Dumas informed the Council that staff contacted three firms and received two proposals from Noll and Tam, and RMW Architects. He said that staff contacted the Steinberg Group as well, but that they were too busy to bid on the project. Noll & Tam's proposal was for \$55,000 and that staff budgeted \$49,000 for this work. He said that RMW has done a lot of work on library interior fixtures and furniture, and that staff decided to select them. He stated that it is staff's belief that there will be cost savings by proceeding with this contract. The City could go out to multiple dealers and get each one to throw in the design service. However, the design service would not be free, and it was his belief the City would end up paying the same amount for this service. He said that staff will work with the consultant to develop an entire bid package, similar to what was done with the indoor recreation center. It is staff's belief that there would be a cost savings by doing so as dealers would be quoting the exact same furniture. He said that the estimated costs for the furniture and interior fixtures/fabrics are at approximately \$200,000.

Mayor Kennedy said that there is a potential to save/recover this cost plus more by being able to competitively bid rather than relying on the submittal from a furniture manufacturer vendor.

Mr. Dumas felt that by using the competitive bid process, savings would result as each bidder would be bidding on the exact same item.

Mayor Kennedy indicated that an alternate approach would be to proceed with a design build where the supplier of furniture would provide the design; folding their design costs into the purchase costs of furniture, equipment and fixtures.

Mayor Pro Tempore Grzan inquired as to the values of the selected items the design consultant would provide.

Project Manager Dumas said that the consultant will work on initial selections for library staff and public furniture for the library. The consultant will select all the finishes and fabrics; putting together a bid package that will consist of an extensive binder and description of the project conditions and schedule. The consultant would also assist staff when this goes out to bid. They assist with questions and assist staff in receiving the furniture as well as with contract administration. He stated that the bulk of the work is putting the bid package together, but that there is some on-site assistance as well. There is an extensive amount of work that will go into reviewing the best utilization of space, looking at service and demands, and maximizing furniture layout of the rooms to take ergonomics into consideration. He said that the consultant will select furniture that is adequate for use.

Mayor Pro Tempore Grzan indicated that the consulting work is not just about selecting furniture. The consultant will look at the work, staff, utilization, maximization of space, etc., so that the library will have everything it needs in place when it opens. He felt there was validity in Mr. Benich's concern. He felt that the scope of work is not laid out clearly in the staff report, as it does not clearly outline the number of hours and meetings to be held or include the goals and objectives to be achieved in the design process. He said that had the scope of work been properly written, Mr. Benich would understand that

there is a significant amount of work that will go into this. It was his hope that the equipment to be received would be appropriate for the new library facility.

Council Member Sellers inquired whether there was anyone employed in the City who would be able to undertake this scope of work in-house.

Project Manager Dumas said that although he is an architect, he has not undertaken furniture design. His involvement is the review and approval of the furniture and fixtures. He does not believe the City has staff on board who could undertake this work, as there is a tremendous amount of research necessary to do this work.

Mayor Kennedy noted that the size of the facility is 28,000 square feet with an estimated construction value of \$11 million. He indicated that he values Mr. Benich's comments and insight. He stated that he has worked in facilities engineering and project management. He stated that the RMW firm is a well known firm, and are experts in interior design with an excellent reputation. He said that there are serious issues associated with ergonomics. To be able to competitively bid the furniture selection from different vendors is an important issue and felt this was a good/wise investment.

Council Member Sellers said that oftentimes the Council takes a shorthand approach to items. Sometimes items are placed on consent calendar because there are a lot of items to deal with and the Council does not go into detail about the items. He said that the only time he gets hired for consultant work is for two specific reasons: 1) he has a unique expertise that no one on staff has, and 2) there is a short term significant project that needs to get completed. He felt it was great that the City receives community input and individuals asking questions. It was his hope that questions were answered this evening. He said that should it be the case that the City has more consultants than other cities, it is because the City is taking on specific/unique projects. He noted the City has had more public facilities built within the last five years than in other times in history, and that these facilities require a variety of special expertise to assist staff.

Action: *On a motion by Agency Member Sellers and seconded by Agency Member Tate, the Agency Board unanimously (5-0) **Authorized** the Executive Director to Execute a Consultant Agreement with RMW Architecture & Interiors to Provide Interior Design Services Necessary to Select the Public and Staff Furniture and Fabrics for the New Morgan Hill Library in an Amount Not to Exceed \$39,080; Subject to Review and Approval by Agency Counsel.*

City Council Action (Continued)

CONSENT CALENDAR:

Council Member Carr requested that item 16 be removed from the Consent Calendar. He needs to step down from discussing this item as he owns property within 500 feet of the project. He excused himself from the dais.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-0 with Council Member Carr absent, **Approved** Consent Calendar Item 16 as follows:*

16. ACCEPT 2005-2006 SIDEWALK, CURB AND GUTTER REMOVAL AND REPLACEMENT PROJECT

Action: *1) **Accepted** as Complete the 2005-2006 Sidewalk, Curb and Gutter Removal and Replacement Project in the Final Amount of \$60,446; and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

Council Member Carr resumed his seat on the dais.

City Council Agency Action

PUBLIC HEARINGS:

17. ZONING ADMENDMENT, ZA-05-28: OAKHILL-SPERA – *Ordinance No. 1763, New Series*

Planning Manager Rowe presented the staff report on a request to amend Section 18.56.150 of the Minor Exceptions chapter of the Municipal Code to allow minor additions while maintaining existing non-conforming heights under specific findings. He informed the Council that staff recently received an application for a proposed remodel addition to a home located on Oakhill Court, in a Jackson Oaks neighborhood. He indicated that the proposed addition would not increase the height of the building, but would maintain the existing height relatively to the ground in the front. He informed the Council that the building heights in Jackson Oaks are determined differently than anywhere else in the community. Staff determined that there are a fair number of homes in the neighborhood that have non-confirming building heights relative to the centerline measurement. He stated that it is proposed to include in the minor exceptions chapter a provision that would allow for heights of existing residences that were not constructed according to the height specified in the development. In which case, the Community Development Director would have the discretion to authorize the additions, maintaining existing heights. He informed the Council that most of the public comments received at the Planning Commission meeting of February 14 were about concerns that the additions might have visual impacts. Therefore, findings have been included that would address these concerns.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1763, New Series.*

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1763, New Series, by title only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO SECTION 18.56.150 OF THE MINOR EXCEPTIONS TO ALLOW MINOR ADDITIONS WHILE MAINTAINING***

EXISTING NON-CONFORMING HEIGHTS. (ZA-05-28: OAKHILL-SPERA), by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

City Council Action

OTHER BUSINESS:

18. GRANT “THIRD YEAR” RESIDENTIAL BUILDING ALLOTMENTS AND DISCUSS STATUS OF A FALL 2006 RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDSC) COMPETITION – Resolution No. 5979

Director of Community Development Molloy Previsich informed the Council that on February 14, 2006, the Planning Commission approved the award and distribution of building allotments under the Residential Development Control System (RDSC) for the affordable, small vertical mixed use and downtown open market competitions for the years 2007-08 and 2008-09. Pursuant to the Council's direction provided in December 2005 regarding a third year 2009-10 allocation, the Planning Commission awarded 166 third year allotments to seven downtown projects and one affordable project. She informed the Council that Measure C is the entity that grants third year allotments. Therefore, the allotments being recommended for 2009-10 are before the Council for review/approval. She stated that staff and the Planning Commission are recommending the Council approve/grant the third year allotments by adoption of the resolution. Based on this recommendation, there would not be many allotments available for 2009-10. Therefore, it is being recommended that the Council determine that there would not be a fall 2006 competition. Instead, the remaining 2009-10 unallocated allotments would be distributed to ongoing-open market projects. She stated that this recommendation would be consistent with the existing policy that states that up to 15 allotments per year can be granted to ongoing open market projects without a need for a competition. After the City receives the population estimates from the Department of Finance in May 2006, staff would perform the required math as required by the RDSC ordinance and return to the Council in June 2006; requesting that the Council formalize the distribution for the remaining 2009-10 allotments to ongoing open market projects without a need for a competition. She indicated that this would mean that the next competition would be held in fall 2007 for the remaining allotments (approximately 9-10 allotments) and the 2010-11 allotments. She informed the Council that the Department of Finance will provide the City with persons per household city-wide in May 2006.

Mayor Kennedy did not believe that the Department of Finance figures would reflect the number of residents in an urban setting.

Ms. Molloy Previsich clarified that the Measure C ordinance requires the City to wait until May to receive the population number. At that time, the City would have discretion to come up with a number for recently allocated projects. This is where there may be some room to increase the number of allotments. However, this will not be known until the City receives the Department of Finance population figures in May.

Council Member Sellers said that the Council committee was able to discuss this issue. He said that it is not known what the average household population is at this time. He felt that there would be a lot of

discussion on this item once the population figures are known in May, and which the Council will discuss in June 2006.

Mayor Kennedy opened the floor to public comment.

Ralph Lyle informed the Council that he was not representing the Planning Commission. In looking at the adjustments, he felt it unlikely the City would be able to hold to the 250 units. He said that there are three adjustment factors that argue against being able to hold to the 250 units. Unless there is a dramatic shift in the community, he felt the City would lose allocations. He stated that the primary reason for the loss in allocation is attributed to the fact that there are 121 old allotments that should have been started or completed by the end of 2005. Therefore, the City will need to adjust the Department of Finance numbers up by 121 homes and its residents. In addition, the City will be annexing some land. Therefore, there will need to be some adjustments to whatever the City annexes. If it turns out that the number is less than 250, the City would need to compensate for over-allocating in 2006-07, 2007-08, and 2008-09. He said that even if the Council makes an adjustment down by .5 or somewhat higher in the persons per household, the City is likely to drop approximately 5-10 units from the 250 allocations per year. He reiterated that this is predicated on there being no major shifts in demographics.

Charles Weston, project architect for the Shiraz project, recommended the Council talk about what is good for the community. He felt there were several reasons why the Shiraz project should receive allocations. He felt that the building at the corner of Second Street and Monterey Road offers a unique opportunity to revitalize this corner. He stated that this is an opportunity to make the downtown unique and an interesting vital area that is dead at this time. He stated that all upstairs leases are being completed and individuals are leaving. He noted that the Madeline building located at this corner received 7 allotments, but that the Shiraz building located behind it received no allocations. He felt the two buildings were the same. This states something about the Measure C competition on how uneven and difficult it is for a true downtown project to score successfully. He felt that projects in the downtown have a difficult time achieving a qualifying score while projects that are “in the downtown area” had no problem qualifying for allotments, noting that these projects were the ones further removed from the downtown area. He felt the City was trying to achieve a denser downtown. He advocated that the first available allotments not go to ongoing projects, but to downtown projects. He indicated that this was the recommendation of planning staff to the Planning Commission. However, the Planning Commission recommends that allotments go to ongoing projects. He did not believe this makes sense if the City is trying to densify the downtown. He recommended that unallocated allotments go to downtown projects and not to ongoing projects. He did not believe that ongoing projects are unique to Morgan Hill, and that they continue to receive unallocated allotments. This is not unique in terms of how the City is trying to address the downtown.

Craig Miott spoke in favor of the recommendation before the Council. He felt Mr. Lyle raised good points. He noted that home prices have increased dramatically. He stated that when you have higher home prices, the number of individuals per household tends to go down and the number of children per household tends to go down as well. He said that individuals who are buying homes are not having large families. He expressed concern with ongoing projects as he has planned on a certain number of allocations for his project. He sees ongoing allotments being whittled down consistently. He stated that he would like to see the downtown move forward, but also wants projects that have been grandfathered to have allocations. He would like to see the allocations for ongoing allocations remain as high as possible.

No further comments were offered.

Council Member Tate said that there are some downtown individuals telling the Council that the City needs to do everything in the downtown immediately; putting aside everything else. There are others telling the Council that the City needs to slow down; allowing the downtown to seek its own levels and make sure that the projects are successful before moving forward. The Council is also receiving different input from different factions of the downtown that is confusing the situation. This is the reason he brought up the discussion of the Downtown Plan. He said that he wants to understand the issues as the Council moves forward. He said that the Council is addressing what is before it at this time. He noted that the City held a downtown competition and that downtown building allotments were awarded. He stated that the Council understands it will need to adjust for the downtown population being smaller per household. He acknowledged that the City is obligated to wait to receive the population numbers from the Department of Finance. He said that there is a question between allocating ongoing and downtown projects. He felt the City needs to keep the ongoing projects moving forward. Therefore, the recommendation from the Planning Commission to award the remaining allocations to ongoing projects in order to move them forward would be the right thing to do at this time. He said that he does not understand all the assumptions, and felt that everyone will be struggling with these assumptions as the City is wrestling about moving forward with residential development in the downtown.

Council Member Carr agreed that the Council is struggling with this issue and is trying to infuse more life in the downtown. However, when the City makes an allocation to a project, he felt the City has made a commitment to the project. He said that the City needs to do something to move ongoing projects along. He stated that the Council Committee is committed to continue talking about this issue to see if there is a way to achieve additional allotments. He said that the Committee and the Council would continue the discussion about whether it should find other ways to exempt the downtown and infuse more allocations to the downtown that may take the City outside the Measure C process. However, he noted that there is a lot of discussion that needs to take place and questions to be answered.

Mayor Kennedy felt the Council's hands were tied. He said that the Council would like to build more housing in the downtown. He felt that the City is making some progress in the downtown, and that it was a shame that there were some downtown projects that could not move forward since they would benefit the downtown. He indicated that the Council has two good goals: 1) residential control put into place with Measure C; and 2) building a nice urban village in the downtown, bringing more people into the downtown. He felt that these two goals were in conflict. He was hoping that the Council would be able to find a way to compromise and find solutions within Measure C. He felt that some progress has been made, but not enough. He stated that it was unfortunate that good projects that would meet the downtown goals are not able to proceed.

Action: *Council Member Tate made a motion, seconded by Council Member Carr, to **Adopt** Resolution No. 5979; approving third year residential building allotments.*

Council Member Sellers stated that he was not going to support the motion this evening because he felt the Council could figure a way to move the last downtown project forward. He felt that it needs to be acknowledged that the City has done a tremendous amount of work for the downtown. He noted that this is the first time in several years that residential units will be built in the downtown. He said that he would not support the motion because he felt the Council could add a few more allotments to the

downtown. However, it is important to recognize that the Council has identified a large number of units in the downtown. He indicated that this was something the Council discussed eight years ago and that the City is finally seeing new downtown housing units come to realization.

Mayor Kennedy stated that he too would not be supporting the motion because he did not believe the City has done enough to support housing in the downtown.

Council Member Tate felt that over the years of Measure E, Measure P, and Measure C that every category of single family and multi-family projects have had competitions where certain projects received qualifying scores, but not high enough to qualify for allotments. He noted that several of the unsuccessful projects kept competing and eventually received allocations. He was not stating that the City has the right criteria for the downtown in place, and that the City is still working on the criteria. He said that had the criteria been right, the Shiraz project would have qualified. However, the Council approved and agreed upon the criteria in place. According to the criteria, the project was one that did not qualify, similar to other projects in previous years. He felt the project would eventually achieve enough points to receive allotments and get built. He agreed the Council has to find the right level of growth for the downtown as well. He stated his support for the motion.

Vote: *The motion carried 3-2 as follows: Ayes: Carr, Grzan, Tate; Noes: Kennedy, Sellers.*

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-1 vote with Mayor Kennedy voting no, **Determined** that there will not be a Fall 2006 RDCS Competition, and that Awards of 2009-2010 Allotments to On-Going Open/Market Projects will be Considered by the Council in June 2006.*

Action: *It was the consensus of the Council to consider item 20 at this time.*

20. BALLOT MEASURE FOR A JUNE 6, 2006 SPECIAL ELECTION

City Attorney Kern indicated that the item before the Council is the review of the issues regarding the potential removal of the grocery supermarket restriction from the Cochrane Plaza in Morgan Hill Ranch. Should the Council choose to direct staff regarding calling for a special election, staff has identified the actions necessary to move forward with a special election; including the approval of a negative declaration. She informed the Council that the owner of the Cochrane Plaza is requesting that the removal of the grocery supermarket restriction from the Shopping Center. Removal of the restriction would allow Target to better re-tenant the site. She stated that staff does not have information of potential tenants at this time. However, the owners of the shopping center are requesting that the Council place a measure on the ballot as the restriction began as a voter initiative. Therefore, the removal of the grocery supermarket restriction would require a vote of the people. She informed the Council that the owners of the shopping center have agreed to provide up to \$5,000 toward the cost of calling a June 2006 election; should the Council decide to place the matter on the June 2006 ballot, rather than waiting until November 2006.

Mayor Kennedy indicated that in his review of Ms. Powell's letter, he did not see a reference to paying \$5,000 toward a June 2006 election.

City Attorney Kern noted that page 2 of the letter contains a footnote that states that the election would be an obligation of the City, but that due to the importance of the issue to the Morris family, they are willing to contribute the cost difference between the June and November 2006 election to a maximum of \$5,000. She informed the Council that she had a conversation with Attorney Kirsten Powell this afternoon who confirmed that there is a correction to the footnote. She said that Ms. Powell indicated that her client is willing to pay \$5,000 if the matter is placed on the June 2006 ballot. She noted that in attendance this evening was Lisa Robella, representing the developer, who could confirm the financial commitment.

Mayor Kennedy opened the floor to public comment.

Lisa Robella confirmed that Mr. Morris will contribute \$5,000 for a June 2006 ballot measure/election.

No further comments were offered.

City Manager Tewes indicated that there were a couple of reasons a November 2006 ballot was preferable to the June 2006 election. However, he understands the Council made a commitment several months ago. If it is the Council's intent to place this matter on the ballot, he did not believe the owner of the property, Target, or their agent needs to wait until the results of a June or November 2006 ballot to start marketing the property to grocery stores, if that is their wish. He did not believe that the timing of the election is critical to the marketing of the property. However, Mr. Morris has made it clear that it is important to him. He said that a November 2006 election would cost the taxpayers a lot less and the voter turnout is likely to be a lot more. For these reasons, he has been supportive of a November rather than a June 2006 ballot to fulfill the commitment made by the Council to place the matter on the ballot. He said that the offer of \$5,000 would help mitigate the cost factor. Therefore, it would be the Council's policy call.

Mayor Pro Tempore Grzan stated that he had a conversation with Mr. Morris. In his conversations with Mr. Morris, he indicated that he would be harmed if the ballot measure is delayed until November 2006. Mr. Morris indicated to him that Target cannot bargain/market in good faith with the restriction in place. It was his understanding that this restricts Target in its ability to market the facility. Should the facility go dark, Mr. Morris has contractual agreements with other tenants in the area to reduce their tenant costs significantly.

Mayor Kennedy and Council Members Carr, Sellers and Tate disclosed that they also had conversations with Mr. Morris.

City Manager Tewes said that what Mayor Pro Tempore Grzan has stated is confirmed by the record in the Council's zoning hearing of the Browman-DiNapoli Shopping Center. Mr. Morris and his attorney placed into the record their view that some of the existing leases have terms and conditions which relate to the occupancy of someone else's property, the property owned by Target. He indicated that the terms and conditions of leases are different for each tenant. Some would require a different rental schedule and some would allow for an earlier termination. He said that it would be up to Mr. Morris on how he deals with the individual issues as to what the ultimate affect would be. He stated that he could not gauge the ultimate affect.

Ms. Robello indicated that there are approximately 52% of the tenants that have a cancellation clause in their lease in the event Target or Mervyn's relocate out of the shopping center. Some of the tenants have the ability to reduce their rents immediately for a short period of time. After this period of time, the tenant can cancel their lease, or go immediately toward cancellation. She indicated that the lease can be reduced by 5% of the gross sales. Should all tenants choose to terminate their leases, this would equate to 52% of the project, after Target or Mervyn's left.

Council Member Sellers stated that there could be some cost savings and the ability to make the process cleaner with a November 2006 election. He felt that it made sense to move forward with a June 2006 ballot measure as: 1) it would show a good faith effort, 2) it makes a public statement that it makes sense to move the shopping center, and 3) that in the event the ballot measure fails to pass by a small margin, the City still has the opportunity to place another ballot measure in the November 2006 election. He noted that Mr. Morris made a generous offer of \$5,000 to help mitigate/offset election costs. He felt it made sense to move forward with a June 2006 election. While it stipulates in the staff materials the details about written arguments and how they may be written, he noted that the information provided does not talk about who will draft the arguments. He said that some members of the Council could undertake writing the arguments, or the applicant or someone else can undertake authoring the arguments, including members of the public. Should the Council have an argument written by a Council Member, he suggested it be the Mayor who states that the Council approves the removal of the restriction as it was something approved by the voters years ago. He felt that the argument would be a statement of fact. He recommended the Council give preference in this regard, even though the ballot measure has nothing to do with a City action.

City Attorney Kern noted that there are two actions before the Council. Does the Council wish to call a special election? Should the Council wish to call a special election, staff would like to have the discussion about the actions that would be necessary, including who would be drafting/writing the arguments.

Action: *Council Member Sellers made a motion, seconded by Council Member Carr, to **Call** a June 6, 2006 Special Election.*

Mayor Pro Tempore Grzan inquired why the restriction was placed on the property before.

Council Member Sellers indicated that this was a voter initiated measure.

Director of Community Development Molloy Previsich said that Planning Commissioner Mueller was one of the three individuals who drafted the ballot measure that was voted upon by the voters. Commissioner Mueller stated that the shopping center was a part of the Morgan Hill Business Park, in its infancy. The authors of the ballot measure tried to guide the new shopping center to be upscale and not detract from the Morgan Hill Business Park and the vision that individuals had for what the Business Park should be. The authors did not believe the area should have a grocery store. Therefore, grocery stores were restricted. She informed the Council that Commissioner Mueller did not make a statement in opposition to the removal of the restriction.

Vote: *The motion carried unanimously (5-0).*

City Attorney Kern indicated that the staff report includes a negative declaration prepared by the Planning Department. This would be the first item the Council would need to consider. Once approved, the Council could review/adopt the various resolutions that would call for a special June 6, 2006 election; including the adoption of a resolution requesting consolidation of the June 6, 2006 special election, adoption of a resolution regarding written arguments, and adoption of a resolution regarding rebuttals. She requested that the Council advise whether there are Council members who would be writing the arguments for or against or would it be staff who drafts the arguments. She requested Council direction on the authors of the arguments.

Mayor Kennedy felt it would be appropriate to ask the Community & Economic Development Committee to draft a recommended ballot argument.

City Attorney Kern noted that arguments are due March 10.

Council Member Sellers did not know if the Committee needs to meet, but can work with staff on the argument via e-mail or phone. He inquired whether the Council would support the argument drafted, or would Mayor Kennedy sign the argument?

Mayor Kennedy recommended that the Council approve the criteria for the ballot argument. He recommended that the Committee draft the argument, directing the Mayor to make a statement as an action he would support.

Council Member Carr inquired whether the Council needs to have responsibility for the ballot measure. Even though the City is placing the measure on the ballot, he noted that this is not a City measure. He inquired whether it would be the proponent's responsibility to make the argument in favor rather than the City.

City Manager Tewes clarified that the resolution would call for the solicitation of arguments; therefore, anyone can submit an argument. However, the law provides priority. If there are competing arguments, the elections official would have to choose among the arguments. He said that the first priority would go to the Mayor and City Council. If the Council wants to make sure its argument is on the ballot, the Council should authorize said action.

Council Member Sellers recommended the Council move forward with all actions this evening. If the property owner wants to submit a written argument in support, that would be acceptable. If not, the Council could direct the Community & Economic Development Committee to draft the argument in support. However, it would be a basic statement that indicates that the voters passed this restriction and to identify the change.

Mayor Kennedy stated that he would support having the Community & Economic Development Committee draft the argument in support.

Council Member Tate stated his concurrence to Mayor Kennedy's recommendation.

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Approved** the negative declaration.*

- Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Adopted** the Resolution Calling for a June 6, 2006 Special Election.*
- Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Adopted** the Resolution Requesting Consolidation of the June 6, 2006 Special Election.*
- Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Adopted** the Resolution Regarding Written Arguments.*
- Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Adopted** the Resolution Regarding Rebuttals.*
- Action:** *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Directed** the Community & Economic Development Committee to work with staff to draft a ballot statement.*

19. DEVELOP CITY COUNCIL POSITION REGARDING PROPOSED VALLEY TRANSPORTATION AUTHORITY (VTA) QUARTER-CENT SALES TAX TO SUPPORT LONG-TERM TRANSIT CIP EXPENDITURE PLAN (Continued from 2/22/06)

Director of Public Works Ashcraft informed the Council that last night, the Santa Clara County Board of Supervisors agreed to place a ½ cent sales tax measure on the June 2006 ballot.

Mayor Kennedy said that included on the Dais are supplemental items. He said that there are two recommended actions that are on the VTA Board of Directors' agenda for tomorrow evening's meeting: 1) adopt a VTA 2000 Measure A transit program with a revenue expenditure plan that assumes a new 30-year ¼ cent sales tax supporting the construction and operation of the 2000 Measure A projects and some new projects/programs. He assumed that you could substitute the ¼ cent sales tax with some amount of funding from the County-wide ½ cent sales tax. However, there is no guarantee for funding because in order to be a ½ cent general sale tax, it cannot include direct language. 2) Consider alternatives for placing a local transportation and use tax before the voters of Santa Clara County for transportation purposes. He said that this action was taken by the Santa Clara County Board of Supervisors yesterday. He noted that these are the two recommended actions that are on the VTA's Board agenda.

Mayor Kennedy indicated that prior to this evening's meeting; he spoke to Gilroy Mayor Pinhero who indicated that the Gilroy City Council voted 6-1 not to support the VTA scenario which assumes the ¼ cent sales tax. He stated that the Milpitas City Council voted unanimously to support the VTA scenario. He said that the City of Morgan Hill's position will be important because the City will be the swing vote; depending on what action the Council directs him to take. He said that earlier this evening, he met with Supervisor Gage and some members of the VTA Board from northern cities to discuss a north-south position. He advocated all the actions requested by the City Council; specifically the items included in the Council's list to see if they would be able to move forward with a north-south County cities position. However, it was his understanding that the City of San Jose wants to move forward with actions on these particular VTA recommended actions. He said that there are several options. The

Council could give him the latitude to take the appropriate action when he sees what is taking place at the meeting. He said that things are changing by the minute. He stated that he was trying to ensure that the issues brought forward by the Council are a part of what is rallied for and what he will lobby for. However, should the vote be in favor of moving forward with the VTA scenario, does the Council want Morgan Hill to be on the losing end of the vote? Does the Council want him to withhold action until it is seen what will happen at the meeting?

Council Member Tate said that he does not understand the issues because the ¼ cent sales tax is not in place. He does not know why the City would take a position on something that does not exist. He indicated that he has stated his position on this matter twice before.

Council Member Sellers indicated that the recommendation assumes a 30-year ¼ cent sales tax. He stated that he is reluctantly supportive of the VTA recommendation. Although VTA's recommendation is significantly flawed, it is not set in stone. If the City goes along with the majority, he felt the City would have a better chance of receiving its fair share, as a city. As an alternative, should there not be a majority support of moving forward with VTA's recommendation, the City could remain neutral, giving the Mayor some latitude. He reiterated that he reluctantly supports VTA's plan. If there is not a majority vote in support, it would be unwise for the Council to take an opposition position, similar to Gilroy as it would set a precedent for the City that would probably exclude the City and cost the City down the road; tying the Mayor's hand tomorrow evening.

Council Member Tate said that should the City take a neutral or a favorable position, the City would be stuck with whatever VTA comes up with. He did not believe the City has negotiation power if the City supports or remains neutral. He would like to state that the City's position is in opposition based on the information given. Should the VTA provide additional information, the Council may change its mind. He noted that VTA has not provided the City with any information to base a decision.

Mayor Kennedy noted that one of the recommendations was to appoint a VTA Board subcommittee to try and come up with a solution that everyone can agree upon. He stated that he could support this recommendation and that he would push for this recommendation. The formation of a subcommittee would allow the Board and all cities to work in a collaborative manner; attempting to get everyone on board. However, it was his understanding that the City of San Jose was not supportive of this position and wants a "yes" or "no" vote on this issue. He felt that the City of San Jose has the votes to carry their position.

Council Member Carr said that after hearing what Mayor Kennedy has stated, he would support the City opposing the plan. He stated that although he was not necessarily opposed to the 30-year plan before the Council, he would like to receive assurances the items important to South County are going to be held in high enough esteem within the plan. Also, that the items the Council requested to be added to the plan are included. He noted the Council heard from VTA representatives that there was an ability to add to the plans over the 30-years. He felt that priority needs to be the commitments previously made to voters in 2000 in the Measure A programs. He felt that Measure A programs need to be carried out before thinking about speeding up the delivery of BART or adding new programs. Also, that BART not take precedence over South County projects important to the City. He felt it is important to note the City might be concerned about isolating itself by taking any particular vote. He further noted that the City's board seat will rotate to the City of Gilroy. Whatever the City's position now, the City knows what the position will be in the future. He recommended that the City find a way to work better with the City of

Gilroy, coming up with a position that both cities can agree upon because the board seat will belong to Morgan Hill and Gilroy the next four years.

Mayor Kennedy said that he hears Council Member Carr stating that even if the City votes in the minority side, the City should make sure its message is made loud and clear.

Council Member Carr noted that there was some urgency to this matter last time the Council considered the matter because VTA was trying to consider whether they would place a measure on the June 2006 ballot. It was his understanding that VTA is no longer considering a June 2006 ballot measure. Therefore, the rush to make a decision is no longer before the VTA Board. It was his hope that the City's colleagues on the VTA Board and the City's colleagues throughout the County would have the willingness to be collaborative in the process since the time factor is no longer in place. If some of the Mayor's colleagues on the board are unwilling to work collaborative and want a "yes" or "no" vote on the proposal reviewed by the Council the other day, it would result in a position of opposition. He felt that there were ways to continue to work on the matter to not only meet South County's needs, but to meet the County's needs in a regional fashion that makes more sense.

Mayor Kennedy stated that Council Member Carr's position was his position as well.

Council Member Sellers did not believe there was a reason to vote on anything this evening. He felt that the Mayor has received sufficient direction from the Council; noting that there are somewhat different opinions on the matter.

Mayor Pro Tempore Grzan stated that he needs specific language, guarantees, and assurances regarding South County projects. He said that he did not want BART to prevail in the process. He said that he was willing to give the Mayor some latitude. However, he reserves the right to approve or not approve whatever comes out of the meeting. He said that he wants assurance in the final outcome that the City's interests are protected. Should the Mayor return and indicate that the City's interests were not protected, he might be on the opposite side in future discussions.

Council Member Tate said that he heard the Mayor state that the San Jose contingency will force a "yes" or "no" vote. He felt that the City needs to take a position as he could not leave it open to the possibility the City would vote "yes" on the issue.

Mayor Kennedy indicated that he would support a Board action that would create a subcommittee or some action that would allow more time to work collaboratively; trying to bring as many cities together as possible. He would agree to make a motion to this affect, should the opportunity present itself. Should the Board majority not be willing to support this action; he would agree to vote against the motion if San Jose tries to push the issue.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Action: *The Council provided the above comments.*

21. MARCH 15, 2006 CITY COUNCIL MEETING

City Manager Tewes indicated that there was some question about whether the Council intended to cancel the March 15 meeting.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Agreed to Cancel** the March 15, 2006 City Council meeting.*

Council Member Tate indicated that he was available via conference call if needed for a committee meeting or any other meeting.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

The Finance Committee and Council to review the Santa Clara County Board of Supervisor's ½ cent sales tax (Council Member Sellers)

Mayor Pro Tempore Grzan inquired when his request to review the mitigation efforts of the Math Institute Golf Course would be brought before the Council.

City Manager Tewes said that the mitigation measures would be brought before the Council in April when all consultants would be in attendance.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 8:50 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 22, 2006*

ZONING AMENDMENT, ZAA-04-11: COCHRANE - TBI

RECOMMENDED ACTION(S):

1. Open/close Public Hearing
2. Approve Addendum to the Mitigated Negative Declaration
3. Waive the First and Second Reading of Ordinance
4. Introduce Ordinance

EXECUTIVE SUMMARY: The applicant is requesting approval of a precise development plan and PUD Guidelines for a 76,897-sf commercial shopping center at the northwest corner of Madrone Parkway and Cochrane Road. The shopping center will consist of five buildings ranging in size from 5,011 sf to 48,632 sf. A bank will occupy the freestanding building located at the southwest corner of the site, with retail and eating/drinking establishments anticipated for the remainder of the center.

The project has been designed with buildings located along the site perimeter and parking largely interior to the site. Existing berms along the project frontages will remain; however, the applicant proposes to remove existing trees along Cochrane Rd and Madrone Pkwy that are located adjacent to the proposed buildings. A large oak tree located near the center of the site will also be removed. The oak tree was found to be in severe decline with poor structure and uncorrectable decay/cavities. The shopping center will be developed in two phases. Phase I will include a majority of the parking lot, the bank, and the buildings identified on the Site Plan as Retail B, C and D. Phase II will include the approximate 48,000-sf building and the remainder of the parking lot.

The applicant has developed Project PUD Guidelines which largely incorporates the City's PUD development standards with some modifications. In order to approve the applicant's PUD Guidelines, the Council will need to grant exceptions to the Citywide PUD standards, pursuant to Section 18.30.110 of the Morgan Hill Municipal Code (refer to the attached Commission staff report for a copy of Section 18.30.110). On February 28, the Planning Commission voted unanimously to recommend approval of the precise development plan and PUD Guidelines with the following modifications: 1) franchise architecture shall not be allowed within the center, 2) a provision restricting parking in front of uses occupying 50,000 sf or more was removed given no building is proposed to be 50,000 sf or greater, 3) pedestrian access is required between adjacent properties, 4) signage is prohibited on the raised architectural elements, and 5) an encroachment into the 30-ft wide Cochrane Rd landscape buffer was recommended to the extent necessary to allow a drive-thru lane to wrap around the south side of the bank. This provision was added in order to eliminate an exit only driveway on Cochrane Road which was too close to the Sutter Boulevard/Cochrane Road intersection. For the Council's reference, a copy of the February 28 Commission staff report and draft minutes is attached.

In 2004, a Mitigated Negative Declaration was adopted as part of the General Plan and Zoning Amendment applications that established the PUD designation on the site. The proposed project would not result in any new environmental impacts, nor would it increase the magnitude of previously-identified impacts. Therefore, an Addendum to the previously adopted Mitigated Negative Declaration has been prepared and is attached for the Council's review and approval.

FISCAL IMPACT: No budget adjustment required.

Agenda Item # 27

Prepared By:

Senior Planner

Approved By:

CDD Director

Submitted By:

City Manager

**ADDENDUM TO A NEGATIVE DECLARATION
COCHRANE –TBI PROJECT
FEBRUARY 2006**

Purpose of Addendum

The purpose of this Addendum is to document the environmental impacts associated with a proposed change in which a Mitigated Negative Declaration has been adopted. CEQA allows Lead Agencies to prepare an Addendum to an Initial Study/Mitigated Negative Declaration when it can be demonstrated that the changes to the project – and the environmental impacts from such changes – are minor, when compared to the original scope of the project and the original impacts.

Description of Proposed Change to the Project

The original scope of the project, as evaluated in the Cochrane-TBI Project Expanded Initial Study/Mitigated Negative Declaration (IS/MND) adopted October 7, 2004, included an amendment to the General Plan land use designation and rezoning of a 7.72-acres site in the Madrone Business Park to *Commercial* and *Planned Unit Development (PUD)*, respectively. The project also proposed to construct an approximately 80,000 square foot commercial development on the project site. At the time the IS/MND was prepared there was not precise development plan for the site.

The applicant now has a precise development plan for the site. The plan includes 76,897 square feet of commercial development. The single-story retail shopping center is proposed to be constructed in two phases. Phase I would include a bank and other small retail uses totaling 28,265 square feet in four buildings and Phase II would include the anchor retail totaling 48,632 square feet in one building.

Environmental Impacts of the Proposed Change to the Project

The original project evaluated the construction of an 80,000 square foot commercial shopping center, paved surface parking, and landscaping on a 7.72 acre site. The proposed precise development plan proposes construction of a 76,897 square foot commercial shopping center, paved surface parking, and landscaping on a 7.72 acre site. The traffic report for the IS evaluated an 80,000 square foot commercial shopping center. Therefore, since the applicant is now proposing a 76,897 square foot commercial development, the traffic study is a conservative projection of the project's traffic impacts and would adequately address the proposed development.

The proposed project site would contain a surface parking lot with 398 spaces. Section 18.50.020 of the Morgan Hill Municipal Code establishes minimum parking space standards based on the nature and size of a given use. Based on the Municipal Code, the project is required to provide 307 parking spaces. Therefore, the project is consistent with the City's parking standards.

All of the original project's impacts and proposed mitigation and avoidance measures will be the same. Therefore, the revised project will not result in any new impacts that were not already addressed in the Initial Study.

Conclusion

Based on the above discussion, it is concluded that the proposed change in the scope of the project will not result in any new environmental impacts. Nor will the revised project result in an increase in

the magnitude of previously-identified environmental impacts. Therefore, no further environmental review is required pursuant to CEQA Section 15162 and 15164. This Initial Study Addendum will be included in or attached to the Initial Study/Mitigated Negative Declaration and the City of Morgan Hill will consider the addendum with the IS/MND, prior to making a decision on the proposed precise development plan.



COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17555 Peak Avenue Morgan Hill CA 95037 (408) 779-7247 Fax (408) 779-7236
Website Address: www.morgan-hill.ca.gov

MITIGATED NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT:

Date: August 6, 2004 **Application No.:** GPA-04-05/ZA-04-11: Cochrane - TBI

APN: 726-33-028

Address of Project: The project site is located at the northwest corner of Cochrane Road and Madrone Parkway in the Madrone Business Park.

Applicant: Brad W. Krouskup
TBI/MADRONE II, LLC
1960 The Alameda
San Jose, CA 95126

Project Description: The applicant is requesting to amend the General Plan land use designation and zoning designation of a 7.72-acre area in the Madrone Business Park to Commercial and Planned Unit Development (PUD), respectively. The current land use and zoning designations are Industrial and ML, Light Industrial.

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has conducted an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

- ☐ The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION is hereby adopted.
- ☒ Although the project, as proposed, could have had a significant effect on the

environment, there will not be a significant effect in this case because mitigation measures have been added to the project, and, therefore, a **MITIGATED DECLARATION** is hereby adopted.

III. FINDINGS

Based on the findings of the Initial Study, the proposed project will not have a significant effect on the environment for the following reasons:

1. The project does not have the potential to significant degrade the quality of the environment, including effects on animals or plants, or to eliminate historic or prehistoric sites.
2. The project will not have any significant adverse impacts on traffic or land use.
3. The project will not generate significant adverse effects on the water, air quality, or increase noise levels substantially.
4. In addition, the project will not:
 - a. Create significant impacts which achieve short-term, to the disadvantage of long-term environmental goals.
 - b. Create impacts which are individually limited, but cumulatively considerable to a significant degree.
 - c. Create environmental effects which will cause significant adverse effects on human beings, either directly or indirectly.

IV. CONDITIONS:

Water

- W-1. The project shall include post-construction structural controls including Best Management Practices (BMP) for reducing contamination in stormwater runoff, such as swales, drop inlets, etc. (i.e., permanent features of the project).
- W-2. Construction practices shall include use of erosion control devices, including hay bales and/or Petromat, and on-site retention to minimize contamination of stormwater runoff.
- W-3. Whenever possible, dust-proof chutes shall be used for loading construction debris onto trucks.
- W-4. All trucks removing debris from the site shall be covered.
- W-5. Internal haul roads shall be paved, sealed or stabilized to control dust from truck traffic. Paved haul roads shall be regularly swept or cleaned to remove accumulated dust.
- W-6. The project shall implement regular maintenance activities including sweeping, cleaning stormwater inlets, and litter control at the site to prevent soil, grease, and litter from accumulation on the project site and contamination of surface runoff. Stormwater

**GPA-04-05/ZA-04-11: Cochrane – TBI
Mitigated Negative Declaration**

- catch basins shall be stenciled to discourage illegal dumping.
- W-7. The applicant shall prepare a Storm Water Pollution Prevention Plan (SWPPP) (or, if a SWPPP has already been prepared, revise the SWPPP as necessary to reflect the current project) for the review and approval by the State Water Resources Control Board (SWRCB). The new or updated SWPPP shall be prepared by the project sponsors, who shall provide a copy to the City along with evidence of its approval by the SWRCB.

Air Quality

- AQ-1. Water all active construction areas at least twice daily.
- AQ-2. Water or cover stockpiles of debris, soil, sand or other materials that can be blown by the wind.
- AQ-3. Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard.
- AQ-4. Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas and staging areas at construction sites.
- AQ-5. Sweep daily (preferably with water sweepers) all paved access roads, parking areas and staging areas at construction sites.
- AQ-6. Sweep streets daily (preferably with water sweepers) if visible soil material is carried onto adjacent public streets.
- AQ-7. Hydroseed or apply non-toxic soil stabilizers to inactive construction areas.
- AQ-8. Enclose, cover, water twice daily or apply non-toxic binders to exposed stockpiles (dirt, sand, etc.).
- AQ-9. Limit traffic speeds on unpaved roads to 15 mph.
- AQ-10. Install sandbags or other erosion control measures to prevent silt runoff to public roadways.
- AQ-11. Replant vegetation in disturbed areas as quickly as possible.

Transportation/Circulation

- T/C-1. Insufficient vehicle storage is available at the northbound left-turn lane at the project driveway on Madrone Parkway. To mitigate the impact, U-turns at the intersection shall be prohibited. Also, the northbound left turn lane shall be channelized between median treatments to provide entry to the project only. The median treatment shall extend back beyond the gas station driveway and improvements shall be provided which may include a pork chop at the gas station driveway and the provision of NO U-TURN signs. The applicant shall prepare a concept design for review and approval by the Public Works Department to determine the detail requirements of the required improvements.
- T/C-2. The project shall provide a right-turn lane for inbound traffic on Cochrane Road at the project driveway.
- T/C-3. The project shall provide right-of-way (ROW) for the third southbound left-turn lane at the intersection of Cochrane Road/Madrone Parkway. The lane shall extend back to the Woodview intersection to accommodate the expected queue demand. The applicant shall prepare a concept design for review and approval by the Public Works Department to determine the actual ROW, roadway widening and layout.

**GPA-04-05/ZA-04-11: Cochrane – TBI
Mitigated Negative Declaration**

- T/C-4. The project shall provide ROW for the additional third westbound through lane at the intersection of Cochrane Road/Madrone Parkway. The applicant shall prepare a concept design for review and approval by the Public Works Department for the required improvements to determine the actual ROW, roadway widening and layout.
- T/C-5. The project shall contribute to the traffic impact fees of the City of Morgan Hill for the project's incremental contribution to the City-wide traffic impact mitigations.
- T/C-6. Frontage improvements as required by the Public Works Department shall be completed on Cochrane Road including the reconstruction of curb, gutter and sidewalk where the right turn lane and the driveway would be located.

Biological Resources

- BR-1. The project shall comply with the Citywide Burrowing Owl Habitat Mitigation Plan, including but not limited to the payment of the development mitigation fee and completion of a preconstruction Burrowing Owl survey no more than 30 days before initial ground disturbance.
- BR-2. Prior to approval of any further entitlement, an arborist study shall be completed to evaluate the type, health and condition of existing trees. The study shall identify measures to protect any trees proposed to be retained, and the project applicant shall be subject to compliance with these tree protective measures. Removal of any tree shall be subject to compliance with Chapter 12.32 of the Morgan Hill Municipal Code, Restrictions on Removal of Significant Trees.

Noise

- N-1. The project applicant shall implement the following construction period measures to reduce construction noise impacts to a less than significant level:
- (a) Based on the City of Morgan Hill Noise Ordinance, limit noise-generating construction activities, including truck traffic to and from the project site, to daytime hours (7:00 am to 8:00 pm) during normal weekdays and between 9:00 am and 6:00 pm on Saturdays. Prohibit activities on Sundays and federal holidays;
 - (b) Properly muffle and maintain all internal combustion engines for construction equipment used on the site; and
 - (c) Locate all stationary noise-generating construction equipment, such as air compressors, crushers, and portable power generators, as far as practical from existing businesses.

James Rowe
Interim Community Development Director

Date: _____

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**GPA-04-05/ZA-04-11: Cochrane – TBI
Mitigated Negative Declaration**

ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A PRECISE DEVELOPMENT PLAN AND PUD GUIDELINES FOR A PLANNED UNIT DEVELOPMENT LOCATED AT THE NORTHWEST CORNER OF COCHRANE ROAD AND MADRONE PARKWAY (APN 726-33-028) (ZAA-04-11: COCHRANE-TBI)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3.** An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration was filed with the associated General Plan Amendment and Zoning Amendment Applications, and an Addendum to the Mitigated Negative Declaration was approved with the proposed project.
- SECTION 4.** Section 18.30.090 of the Morgan Hill Municipal Code establishes minimum development standards for commercial PUDs.
- SECTION 5.** In accordance with Section 18.30.110 of the Morgan Hill Municipal Code, the City Council may grant exceptions to the minimum PUD development standards upon recommendation of the Planning Commission with the following affirmative findings:
- a. Approval of the exception is necessary for the preservation and enjoyment of substantial property rights of the applicant; and
 - b. The exception will only be approved to the extent necessary for the preservation and enjoyment of the substantial property rights of the applicant; and
 - c. The effect of the reduction or elimination of the development standard will be substantially mitigated by the provision of other design features or enhancements to the project; and
 - d. Approval of the exception will not be outweighed by the adverse effects to the public health, safety and welfare of persons working or residing in the area.
- SECTION 6.** Strict adherence to the city-wide PUD standards would hinder the establishment of an economically and functionally successful commercial shopping center at the proposed site.

- SECTION 7.**
- (a) Section 18.30.090.A.3 of the MHMC restricts building heights to 30 feet except as otherwise authorized by the City Council through the PUD process.
 - (b) Four of the five buildings proposed would meet the 30-ft standard with the exception of architectural elements which are proposed at heights of up to 34 feet. Section 18.56.040 of the Morgan Hill Municipal Code allows architectural elements of up to 50 ft in height as an exception to the code.
 - (c) One building is proposed to be 40 ft in height with architectural elements up to 50 feet in height. Precedent has been established for the approval of buildings that exceed 30 feet in height in other PUDs in the City, specifically the Tharaldson PUD and Cochrane Road PUD. Therefore, approval of an exception to Section 18.30.090.A.3 would not be a grant of special privilege, but would preserve the property rights of the applicant. Modification of this development standard for the shopping center will be mitigated through the exceptional design of the buildings with architectural elements that vary in height, as shown on the project plans.
 - (d) Therefore, the Council approves, on a separate and distinct basis, buildings that exceed 30 feet in height within the PUD.

- SECTION 8.**
- (a) Section 18.30.090.A.4 of the MHMC prohibits visual flat rooflines in a PUD.
 - (b) Precedent has been established for the approval of buildings designed with parapet walls in other PUDs in the City, specifically the Tharaldson PUD, Gateway PUD, Tennant Station (Safeway) PUD and the Cochrane Road PUD. Therefore, approval of an exception to Section 18.30.090.A.4 would not be a grant of special privilege, but would preserve the property rights of the applicant. Elimination of this development standard for the shopping center will be mitigated through the provision of site perimeter landscaping, building perimeter landscaping, and exceptional design of the buildings, as shown on the project plans.
 - (c) Therefore, the Council approves, on a separate and distinct basis, the use of parapet walls in the building designs.

- SECTION 9.**
- (a) Section 18.30.090.B.4 of the MHMC requires minimum 30-ft wide landscape areas adjacent to public streets within a PUD.
 - (b) Encroachment into the landscape area is permitted where it can be substantiated that provision of the 30-ft area is impracticable or would result in an undue hardship to the development. Per Section 18.30.090.B.4, encroachment shall not exceed 50 percent of the required landscape width and the reduced width shall be mitigated through additional landscape planting or a combination of an earthen berm and screen wall or both.

- (c) An encroachment into the Cochrane Road landscape buffer is needed to redirect a drive-thru exit lane for a proposed bank toward an interior drive aisle and to eliminate an exit only driveway on Cochrane Road. Elimination of the driveway will prevent conflicting traffic movements between vehicles traveling westbound on Cochrane with vehicles exiting the site and traversing two lanes of traffic to access the nearby Sutter Boulevard intersection. Strict adherence to Section 18.30.090.B.4 is impracticable as there is insufficient room for a drive-thru lane without the proposed encroachment. The encroachment will occur only to the extent necessary to provide the drive-thru exit lane, and will be mitigated through the existing berm and proposed landscaping.
- (d) The Council therefore approves, on a separate and distinct basis, an encroachment into the 30-ft wide Cochrane Road landscape area only to the extent necessary to provide a bank drive-thru exit lane.

- SECTION 10.**
- (a) Section 18.30.090.C.12 of the MHMC requires all landscaped areas provided in PUDs (with the exception of areas adjacent to public streets) to have a minimum width of 10 feet.
 - (b) Section 18.74.550 of the MHMC requires minimum five feet of landscaping within landscape planters citywide. An exception to Section 18.30.090.C.12 of the MHMC to allow five foot landscape areas would not be a grant of special privilege, but would preserve the property rights of the applicant. Furthermore, precedent has been established for the approval of reduced landscape areas in other PUDs in the City, specifically the Tharaldson PUD and the Cochrane Road PUD. An exception to Section 18.30.090.C.12 of the MHMC will be mitigated through 30-ft wide site perimeter landscaping along all street frontages and building perimeter landscaping as shown on the project plans.
 - (c) The City Council requires that the applicant provide minimum 10-ft wide landscaped areas where possible within all City required parking areas, but hereby approves, on a separate and distinct basis, landscaped areas no less than five feet in width.

- SECTION 11.**
- (a) Section 18.30.090.E.2 of the MHMC prohibits parking stalls to be located directly adjacent to the front of a major use occupying 10,000 sf or more floor area.
 - (b) Precedent has been established for the approval of parking in front of uses occupying 10,000 sf or more floor area in other PUDs in the City, specifically the Condit Road (Harley Davidson) PUD and the Cochrane Road PUD. Therefore, approval of an exception to Section 18.30.090.E.2 would not be a grant of special privilege, but would preserve the property rights of the applicant.
 - (c) The Council therefore approves, on a separate and distinct basis, parking directly adjacent to the front of buildings occupying 10,000 sf or more floor area.

- SECTION 12.** (a) Section 18.30.090.E.7 of the MHMC limits truck deliveries from 7 am to 7 pm Monday through Saturday.
- (b) The intent of Section 18.30.090.E.7 is to minimize noise impacts to surrounding residential uses. The proposed shopping center will be located along an arterial roadway adjacent to business park and commercial uses, which also have truck deliveries. Strict adherence to this standard would limit the type of tenants that could locate in the proposed shopping center, and deny the property owner the preservation and enjoyment of his substantial property rights.
- (c) The Council therefore approves, on a separate and distinct basis, truck deliveries between the hours of 6 a.m. to 9 p.m., Sunday through Saturday.

- SECTION 13.** (a) Section 18.30.090.G.3 of the MHMC prohibits utility equipment within the front setbacks in a PUD.
- (b) The intent of Section 18.30.090.G.3 is to minimize views of unsightly utilities and equipment along street frontages. An exception to Section 18.30.090.G.3 of the MHMC is needed only in the event that PG&E requires more than one transformer for Buildings B, C & D, and will be mitigated through extensive landscape screening. Precedent has been established for the approval of utilities in front setback areas in other PUDs in the City, specifically the Cochrane Road PUD. Therefore, approval of an exception to Section 18.30.090.G.3 would not be a grant of special privilege, but would preserve the property rights of the applicant.
- (c) The Council therefore approves, on a separate and distinct basis, one transformer within the front setback only in the event that PG&E requires more than one transformer for Buildings B, C & D.

SECTION 14. Therefore, based upon the above reasons, and the record in this matter, the City Council hereby approves exceptions to the city-wide PUD development standards for the proposed retail shopping center. The Council hereby finds that:

- a. Approval of the exceptions is necessary for the preservation and enjoyment of substantial property rights of the applicant; and
- b. The exceptions will only be approved to the extent necessary for the preservation and enjoyment of the substantial property rights of the applicant; and
- c. The effect of the reduction or elimination of the development standards will be substantially mitigated by the provision of other design features or enhancements to the project; and
- d. Approval of the exceptions will not be outweighed by the adverse effects to the public health, safety and welfare of persons working or residing in the area.

SECTION 15. Based on the foregoing, the City Council hereby approves a precise development plan as contained in that certain series of documents date stamped February 21, 2006, on file in the Community Development Department, entitled "A Retail Shopping Center For Madrone Village" prepared by ARCTEC. These

documents, as amended by site and architectural review, show the location and sizes of all lots in this development and the location and dimensions of all proposed buildings, basic design, uses, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.

SECTION 16. The approved project shall be subject to the following conditions:

- a. The applicant shall comply with the mitigation measures of the approved mitigated Negative Declaration.
- b. The project shall be subject to compliance with the Madrone Village Shopping Center PUD Guidelines as attached in Exhibit A of this Resolution.
- c. Defense and indemnity. Applicant agrees to defend and indemnify and hold City, its officers, agents, employees, officials and representatives free and harmless from and against any and all claims, losses, damages, injuries, costs and liabilities arising from any suit for damages or for equitable or injunctive relief which is filed against City by reason of its approval of applicant's project. In addition, developer shall pay all pre-tender litigation costs incurred on behalf of the City including City's attorney's fees and all other litigation costs and expenses, including expert witnesses, required to defend against any lawsuit brought as a result of City's approval or approvals, but shall not be required to pay any litigation from the City. However, developer shall continue to pay reasonable internal City administrative costs, including but not limited to staff time and expense spent on the litigation, after tender is accepted.

SECTION 6. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 7. Effective Date; Publication. This Ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the Day of March 2006, and was finally adopted at a regular meeting of said Council on the Day of April 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

PLANNED UNIT DEVELOPMENT GUIDELINES MADRONE VILLAGE SHOPPING CENTER MORGAN HILL, CA

Description of Project:

Madrone Village Shopping Center

Location of Project:

North West Corner of Madrone Parkway and Cochrane Road, Morgan Hill, California

Introduction to Project:

76,897 square feet retail shopping center consisting of five single-story buildings.

Allowed and Conditional Uses:

Permitted Uses

- Retail Stores
- Restaurants
- Offices and Professional Offices (excluding medical, dental and/or health related offices)
- Financial Services
- Personal Services
- Business and Trade Schools
- Specialty Grocery Stores, not to exceed 15,000 sf
- Drug Stores

Conditional Uses

- Day Care Centers/Nursery Schools
- Commercial Recreation
- Gasoline Service Stations (including ancillary convenience stores)
- Drive-thru uses
- Grocery Stores exceeding 15,000 sf but less than 50,000 sf
- Any other use which the Planning Commission finds to be of similar nature to the permitted uses and conditional uses specified above

Original PUD – Allowed Uses:

Same as Above

Commercial Development Standards

The following standards shall apply to all commercial PUDs:

A. Architecture/Site Planning

1. The general aesthetic character of all building exteriors shall be early Mission California theme for the PUD.
2. The location of all physical improvements shall be consistent with the Development Plan established for the PUD.
3. No building within this PUD Phase I shall exceed 30 feet in height with the exception of specific architectural features (34 feet maximum) except as otherwise authorized by the City Council through the PUD approval process. No building within this PUD Phase II shall exceed 40 feet in height with the exception of specific architectural features (50 feet maximum) except as otherwise authorized by the City Council through the PUD approval process.
4. Rooflines shall vary in height and shall incorporate a maximum of two varying roof types (e.g., hip, gable).
5. Structures shall incorporate breaks in horizontal planes by stepping or staggering setbacks and recessing windows and entrances, to provide substance and scale.
6. Doors and windows shall be enhanced by use of various sizes and shapes, and highlighted by the use of accent trim (e.g. molding, pop-out or wood trim). The design shall be complementary to the architectural style of the PUD.
7. All exterior wall elevations visible from and/or facing public roadways shall have architectural treatment.
8. Façade architectural treatment shall be applied to all building elevations with the same degree of detail as the building entrance.
9. No franchise architecture shall be permitted.
10. Buildings situated or near the front setback shall provide public access from the side(s) of the buildings at or near the front setbacks.
11. Building design shall be compatible with the immediate environment and provide harmonious transition between various uses.
12. No mechanical equipment shall be exposed on the wall surface of any building.
13. Mechanical and utility equipment shall be located below the roofline or parapet wall and out of public view. Location within the building or at ground level is preferred to roof-mounting. When such equipment cannot be so located, all roof-mounted mechanical equipment or ductwork which projects vertically above the roof or roof parapet shall be screened by an enclosure which is detailed consistently with the building design.
14. Gutters and downspouts shall be located interior to the wall when facing a roadway frontage. All other gutters and downspouts that cannot be located interior to the wall shall be treated to blend into the façade to which it is attached, unless used as a major design element, in which case the color shall be consistent with the color schemes of the building.
15. Any outdoor storage of goods, materials or equipment shall be limited to 8 feet in height and screened from view of any roadway or adjacent property. The screening shall be designed as an integral part of the building design and site layout. Chain link fencing with wood inserts is not an acceptable manner of screening.
16. Trash enclosures shall be constructed of solid masonry material, consistent with the building on-site, and shall be a minimum 6 ft. in height, with solid view obstructing gates. Trash enclosures shall be located in inconspicuous locations.
17. Fences and walls shall be designed to be compatible with the surrounding landscape and architectural style of the PUD.

18. Buildings shall be placed at the front setback line for at least 35 percent of the street frontage of the PUD, unless infeasible due to the size or configuration of the property.
19. Provisions for connecting driveways and walkways between adjacent properties within the PUD are to be provided.
20. Convenient pedestrian access shall be provided to commercial uses from residential areas within or adjacent to the PUD.

B. Easements

1. Easements for the installation and maintenance of utilities, walkways, roads, shared driveways, parking and drainage facilities shall be recorded as part of any subdivision map or lot line adjustment.

C. Landscaping

1. The design and location of all landscaping shall be consistent with the Development Plan established for the PUD.
2. The general characteristics of the plant palette for the PUD shall be a combination of year round color and textural interest. Plants shall be selected on the basis of color combinations, growth patterns, low maintenance and water conservation characteristics. At time of installation, all trees shall have a minimum height of eight feet and minimum crown diameter of three feet.
3. All street trees and trees planted within the front setback areas shall have a minimum height of ten feet and minimum crown diameter of four feet.
4. A minimum 30-foot wide landscape area (excluding any landscaping in the right of way) shall be provided adjacent to all public streets within the PUD. Encroachment into this area may be permitted where it can be substantiated that provision of the 30-foot area is impracticable or would result in an undue hardship to the development. Encroachment shall only be allowed to the extent necessary and shall not exceed 50 percent of the required landscape width. Where encroachment is allowed, the reduced width shall be mitigated through additional landscape planting or a combination of an earthen berm and screen wall or both. An encroachment into the 30-ft wide Cochrane Road landscape area shall be permitted only to the extent necessary to allow a drive-thru exit lane for the proposed bank. The encroachment shall be mitigated through the existing berm and additional landscaping.
5. Landscaping shall be placed adjacent to a minimum of 50% of the perimeter of all buildings.
6. Landscaping at the entrance of building shall include box size and/or accent trees with a minimum height of 10 feet and crown width of four feet to create a focal point to help direct people to the buildings=entrances.
7. Native oaks and field stones shall be incorporated into the landscape plan of the PUD.
8. A minimum of 15% of all parking areas shall be landscaped. Required setback and perimeter planting areas shall not be counted in this area, but may include the building perimeter landscaping.
9. Canopy-providing trees shall be planted in the parking lot planter islands to produce shade.
10. Entrances to the PUD shall be well landscaped and serve as a focal points.
11. Shrubs and vine planting shall be provided to screen utilities and trash enclosures.
12. All landscape areas provided (with the exception of areas adjacent to public streets) shall have a minimum width of 5 feet. This includes but is not limited to landscaping adjacent to buildings, along side and rear property lines, and finger planters within parking lots.

13. All parking areas shall be screened from view of public streets by use of the existing berming.
14. Landscaping shall be used to soften the appearance of fences and walls and building elevations which lack fenestration or other architectural detailing.

D. Lighting

1. The design of the exterior building lighting and parking lot lighting fixtures shall be compatible with the architectural style of the PUD.
2. Parking lot lighting shall be consistent throughout the PUD. The maximum height of the lighting shall be 20 ft. except that lighting standards within 100 ft. of residentially zoned properties shall be limited to a maximum height of 15 ft.
3. Lighting for pedestrian pathways shall be reduced in height and scale, to create a more human-scale feeling and atmosphere.
4. All lighting shall be shielded and directed in such a manner so as not to directly cast light on neighboring properties. Adjustments to the lighting intensity may be required after commencement of the use.

E. Parking and Loading/Circulation

1. Parking shall be screened from public view through the use of berming, hedgerow planting, shrubs, trees, fences or walls, or any combination thereof, provided that no more than 35% of the total screening shall consist of fences or walls. At time of installation, shrub plantings shall be minimum 5-gallon size, trees shall have a minimum height of eight feet and minimum crown diameter of four feet, and berming/fences/walls shall be a minimum 3 ft. in height, as measured from the nearest street curb.
2. No angled parking or one-way drive aisles shall be utilized in any parking lot.
3. Parking areas shall be designed to include provision for pedestrian walkways for access to building entrances. Walkways that cross traffic lanes shall have special design features such as raised and/or textured pavement, narrowed roadway, or combination thereof. Walkways shall be provided through landscaped areas to protect landscaping from foot traffic damage.
4. Reciprocal access and shared parking between properties shall be used, whenever possible.
5. Loading areas and docks shall be screened from view by a solid wall. The wall shall be architecturally treated and screened with landscaping. Loading areas shall not be located adjacent to or visible from public streets.
6. Truck deliveries shall be limited to 6 a.m. to 9 p.m., Sunday through Saturday.
7. Cross access easements and joint-use drive aisles shall be provided throughout the PUD.
8. Drive aisles shall allow for complete circulation within the PUD, with sufficient width for emergency vehicles. Dead end drive aisles shall not be allowed.
9. Shared access easements and driveways shall be used to minimize paved areas and curb cuts.
10. Pedestrian access shall be provided between the adjacent properties.

F. Signage/Displays

1. PUDs which are, due to their location, eligible for freeway signage shall utilize a single freeway sign consistent with the provisions of the City Sign Ordinance.
2. No exterior retail displays shall be allowed.
3. A uniform sign program shall be required for all properties and uses within the PUD.

4. Signage shall be prohibited on the raised architectural features, and shall not extend above the height of the main building elevation.

G. Utilities and Appurtenant Uses/Devises

1. The proposed project will discharge storm drainage to existing storm drain laterals that were stubbed to the site when the Business Park was constructed. The storm drain laterals are connected to the detention pond that provides detention for the entire Park.
2. All backflow devices, fire risers and check valves shall be screened with landscaping.
3. No utility equipment shall be located within the front setback area unless placed within an underground vault. All transformers shall be located interior to the site, outside of the front setback area, and shall be screened with landscape material. * EXCEPTION: If it is determined by P.G. & E. that more than one (1) transformer is required for Buildings 'B, C & D', only one (1) transformer shall be within the parking lot (Building 'C' only).
4. Uses within the PUD that utilize shopping carts shall provide indoor storage of the carts and shall provide for collection areas throughout the parking lots.
5. Vending machines, rides, newspaper racks or any coin-operated devices shall not be placed on the exterior of any buildings.

(End)



CITY COUNCIL STAFF REPORT
MEETING DATE: March 22, 2006

Agenda Item # 28
Prepared By:

Municipal Svc. Assist.
Submitted By:

BAHS Director
Approved By:

City Manager

**COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) ANNUAL ALLOCATION (FY2006-2007)**

RECOMMENDED ACTIONS:

1. Conduct Public Hearing.
2. Adopt Resolution for Appropriation of FY2006-2007 CDBG Funds.
3. Authorize the City Manager to do everything necessary for the implementation of the CDBG Program including execution of all required contracts.

EXECUTIVE SUMMARY: The City of Morgan Hill will receive \$139,070 in CDBG funds for FY2006-2007. Of this amount, \$38,611 can be used for Public Services, \$15,000 for program administration, and \$85,459 can be used for Non-Public Services activities (e.g., park improvements). Last year, the City of Morgan Hill received about \$156,000 in CDBG funds. This application cycle we received 15 proposals requesting CDBG funds. Thirteen (13) of the proposals are for Public Services funds and two (2) proposals are for the Non-Public Services funds. The public service proposals requested a total of \$139,461 in CDBG Funds.

Last year, the City/Agency continued to supplement CDBG funds for public service activities with a total of \$71,000 from the RDA 20% Housing Set-Aside, Senior Housing Trust, and Housing Mitigation Funds. For FY06-07, we are recommending that the City continue its support for previously funded programs at the same level as FY05-06 (see Table A for recommendations). However, last year CDBG had about \$13,000 more in CDBG funds available due to the reprogramming of funds. In order to maintain the same level of funding for non-profits as last year, we are recommending the use of Senior Housing Trust Funds (SHTF) to fund two senior service programs previously funded with CDBG. It should be noted that the SHTF is a fund established with one time developer contributions and does not have an on-going revenue source. The shift in costs to the SHTF has allowed the City to allocate about \$2,200 more in CDBG funds to the scholarship/transportation programs for lower income youths to attend the Aquatics Center and Centennial Recreation Center.

With regard to the two new program requests, we are recommending the use of RDA 20% Housing Setaside funds to partially fund the Silicon Valley Independent Living Center (SVILC) and no funding for Rebuilding Together Silicon Valley (RTSV). SVILC indicates that 25% of the residents serviced in its Gilroy office are Morgan Hill residents. Given SVILC is requesting \$4,500 each from the Cities of Gilroy and Morgan Hill, we are recommending that they receive \$1,500 of their \$4,500 request which better reflects the ratio of Morgan Hill to non-Morgan Hill residents served. SVILC provides assistance to disabled residents to: 1) find affordable housing, 2) help assess their housing needs, and 3) assist residents with their day-to-day interactions with the various social service agencies. We have determined that the request from RTSV is a duplication of the existing RDA Senior Home and Mobile Home Repair programs.

For the Non-Public Services funds, we are recommending that the entire \$85,459 be allocated to the Galvan Park Soccer Field Rehab project. We are not recommending any additional funding be provided to EHC for the Sobrato Transitional Center (Center) this year. The Center has received \$100,000 in CDBG funds over the past two years. Staff believes the Galvan Park improvements are a higher priority use of the funds.

FISCAL IMPACT: If approved, \$139,070 in CDBG, \$57,500 in RDA 20% Set-Aside, \$13,100 in Senior Housing Trust, and \$15,000 in Housing Mitigation funds will be incorporated into the City/Agency's FY2006-07 budget.

TABLE A

NON-PUBLIC SERVICES FUNDING REQUESTS				
PROJECT	CDBG/OTHER FUNDS <u>RECEIVED</u> FY 2005-2006	CDBG FUNDS <u>REQUESTING</u> FY 2006-2007	CDBG FY06-07 <u>FUNDING</u> RECOMMEND.	OTHER FUNDING RECOMMEND.
Galvan Park Soccer Field Rehab (City of Morgan Hill)	None (New Project)	\$85,459	\$85,459	\$-0-
Sobrato Transitional Center (Emergency Housing Consortium)	\$100,000 (CDBG)	\$50,000	\$-0-	\$-0-
TOTAL NON-PUBLIC SERVICES:		\$135,000	\$85,459	\$-0-
PUBLIC SERVICES FUNDING REQUESTS				
Day Break Respite Program (Catholic Charities)	\$8,600 (CDBG)	\$8,600	\$-0-	\$8,600 (Senior Housing Trust)
Long Term Care Ombudsman (Catholic Charities)	\$4,500 (CDBG)	\$5,000	\$-0-	\$4,500 (Senior Housing Trust)
Shared Housing @ Depot Commons (Catholic Charities)	\$15,000 RDA 20%	\$15,000	\$-0-	\$15,000 (RDA 20%)
Operation Brown Bag (Second Harvest Food Bank)	\$4,165 CDBG	\$4,665	\$4,165	\$-0-
La Isla Pacific Shelter for Battered Women (Community Solutions)	\$16,000 RDA 20%	\$16,000	\$-0-	\$16,000 (RDA 20%)
El Toro Youth Center/Friday Night Jams (Community Solutions)	\$15,500 (CDBG)	\$15,500	\$15,500	\$-0-
Homeless Shelter & Services (Emergency Housing Consortium)	\$15,000 Housing Mitigation Fund	\$20,000	\$-0-	\$15,000 (Housing Mitigation Fund)
Adult Day Care (Live Oak Adult Day Services)	\$4,189 (CDBG)	\$4,190	\$4,190	\$-0-
Tenant-Landlord Dispute Resolution (Project Sentinel)	\$25,000 RDA 20%	\$26,250	\$-0-	\$25,000 (RDA 20%)
South Valley Day Worker Center (St. Catherine's Parish)	\$5,000 CDBG	\$5,000	\$5,000	\$-0-
Youth Outreach Scholarship Program (City of Morgan Hill)	\$7,500 (CDBG)	\$9,756	\$9,756	\$-0-
Rebuilding Home Repair Days (Rebuilding Together Silicon Valley)	New applicant	\$5,000	\$-0-	\$-0-
Housing Program for Disabled Persons (Silicon Valley Independent Living Center)	New applicant	\$4,500	\$-0-	\$1,500 (RDA 20%)
TOTAL PUBLIC SERVICE		\$139,461	\$38,611	\$85,600

Total FY2006-2007 **CDBG** Public Services Funds Available: \$ 38,611

Sub-Total CDBG Public Service Funds: \$ 38,611

Total FY2006-2007 **CDBG** General Admin Funds Available: \$ 15,000

Total FY2006-2007 **CDBG** Non-Public Services Funds Available: \$ 85,459

Sub-Total CDBG Non-Public Service Funds:	\$100,000
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TOTAL CDBG AVAILABLE FOR FY2006-2007: \$139,070

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL AUTHORIZING SUBMITTAL OF FUNDING
PROPOSALS FOR THE FISCAL YEAR 2006-2007 FOR THE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM.**

WHEREAS, the primary purpose of the CDBG program is to benefit low and moderate income individuals and families and the needs of senior citizens; and

WHEREAS, the City of Morgan Hill has received an allocation of \$139,070 in CDBG funds for Fiscal Year 2006-07; and

WHEREAS, the City of Morgan Hill may use up to \$38,611 of its Fiscal Year 2006-07 CDBG allocation for "Public Services" and up to \$15,000 for administrative costs; and

WHEREAS, the City Council held a public hearing on March 22, 2006 regarding the Fiscal Year 2006-07 Morgan Hill CDBG Program funds and has allocated the funds as follows:

**COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (\$139,611)
Fiscal Year 2006-2007**

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill, hereby authorizes the City Manager to take all necessary steps to submit and implement the 30th year allocation plan including execution of all required contracts.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 22nd Day of March, 2006 by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

☞ CERTIFICATION ☞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on March 22, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: March 22, 2006

COMMUNITY PARKS IMPROVEMENTS PHASE I APPROVE PARKS AND RECREATION COMMISSION RECOMMENDATION FOR ADDITIONAL FUNDING

RECOMMENDED ACTION: Approve the Parks and Recreation Commission recommendation to allocate additional funding of \$220,000 from the unappropriated Park Maintenance Fund balance and \$414,300 from the unappropriated Park Development Impact Fee Fund balance to the project to complete the Phase I Improvements consistent with the Community Park Master Plan.

EXECUTIVE SUMMARY: On February 21, 2006 staff presented the attached staff report to the Parks and Recreation Commission. The report informed the PRC regarding the status of the construction design and cost estimate.

At 35% Construction Design completion, the project costs are estimated at \$868,075 over the available project funding per the CIP. The attached staff report provides an explanation for this budget shortfall.

The PRC recommends that Council approve the additional funding as explained in Alternative #2. The other option presented to the PRC is to reduce the work scope so the project cost will not exceed the current budget.

Staff needs Council's direction regarding the PRC recommendation.

The project schedule calls for bidding of the project in June-July 2006 with construction taking 7 months. Estimated construction completion is in February-March 2007.

FISCAL/RESOURCE IMPACT: There is sufficient unappropriated fund balances in both the Park Maintenance Fund and Park Development Impact Fund to provide the additional funding as stated above. In the case of the Park Development Impact Fund, it will be necessary to delay the purchase of new park land until Fiscal Year 2006-07, identified as project 110097. The current Capital Improvement Program calls for new park land to be acquired in Fiscal Year 2005-06.

Agenda Item # 29

Prepared By:

Dep Dir Public Works

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT ***MARCH 22, 2006***

Agenda Item # 30

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

OUTSIDE AGENCY ASSIGNMENTS

RECOMMENDED ACTION(S):

1. **Finalize** the Current List of Assignments and Appointments
2. Mayor to **Appoint** Council Members to Outside Agencies, Subject to Council Approval; and
3. **Direct** the City Clerk to notify the appropriate agencies of remaining assignments

EXECUTIVE SUMMARY:

On February 15, 2006, the Council reviewed its Outside Agency Assignment list. Outside agency assignments were aligned with the current five (5) Council standing committee assignments: Utilities & Environment; Financial Policy; Public Safety & Community Services; Regional Planning & Transportation; and Community & Economic Development.

At the February 15, 2006 Council meeting, staff identified outside agency assignment requests for Council appointments of primary and alternate members to various committees. The Council made outside agency assignments with a few exceptions. Please refer to Attachment 1 for further clarification.

Attached to the staff report are the following: 1) Attachment 1 – Remaining Outside Agency Considerations; 2) Attachment 2 - Council Members Assignments Table, as approved by the Council on February 15, 2006; and 3) Attachment 3 - Table of Outside Agency Assignments.

Staff would like to take this opportunity to finalize Council appointments to outside agency assignments. Staff requests the Council review the Outside Agency assignments and suggest remaining appointments to the Mayor. The Mayor will make the final appointments, subject to Council approval. It is further suggested that staff be directed to notify the appropriate agencies of the remaining assignments.

FISCAL IMPACT: No fiscal impact.

ATTACHMENT 1

Remaining Outside Agency Assignments Consideration

- League of California Cities Liaison – Peninsula Division: Mayor Pro Tempore Grzan and Council Member Tate were assigned to this agency. However, the assignment of the primary and alternate positions were deferred until the Financial Policy Committee met and made that determination. The Committee met and it has been agreed that Council Member Tate will serve as the primary and Mayor Pro Tempore Grzan will serve as the alternate City representative to this agency.
- Santa Clara County Cities Association – City Selection Committee: Mayor Kennedy was appointed to this Committee. However, there was a question whether an alternate appointed should be made to this Committee. Staff contacted Joanne Benjamin with the Association. Ms. Benjamin has indicated that an alternate member should be appointed to this Committee.
- Santa Clara Valley Water District Elected Officials Quarterly Meeting (PL 566): Mayor Kennedy is serving as the City's primary and Mayor Pro Tempore Grzan as the alternate representative to this agency. There was a question as to whether two primary representatives could be appointed.
- Appointment to Ad Hoc Governmental Committees and Outside Agencies – Joint Policy Collaborative (JPC) Subcommittees. These subcommittees were established by the Santa Clara County Cities Association Joint Policy Collaborative, consisting of the Cities Association, Joint Venture Silicon Valley, Silicon Valley Leadership Group and the San Jose Chamber of Commerce. These subcommittees will recommend specific actions to the JPC in October 2006. The Subcommittees are as follows: 1) Small Business Tax and Fee Relief, 2) Broadband/Web Portal, 3) Cell Phone Coverage, and 4) Building Code adoption. The responsibilities of these subcommittees are described below. Council appointment was deferred and Staff was directed to investigate whether appointments need to be elected officials or whether City staff members could be appointed. In checking with Ms. Benjamin, it was found that elected officials or City staff could be appointed. Staff has further found that various department associations, such as the City Managers Association and Public Works Association, have been invited to serve on these subcommittees. Staff would like to know whether the Council wishes to appoint Council or staff representatives to serve on these subcommittees.
 - Small Business Tax & Fee Relief (Financial Policy & Legal Affairs)
This committee will take up the possibility of initiatives like those occurring in Anaheim and Orange County: tax holidays, home improvement holidays for home offices, redevelopment zone initiatives, tax incentives for new start-ups, etc.
 - Broadband/Web Portal (Utilities & Environment Committee)

This committee will consider modeling what was learned, and what the Seattle region has done so effectively through their broadband initiatives, particularly through the JPA they crafted to provide web-based services at the regional level.

- Cell Phone Coverage (Utilities & Environment Committee)

This committee will do such things as mapping out dead zones; convening service providers to understand their market considerations; convening city staff around a plan to streamline tower citing and permitting; developing model ordinance(s), and working toward their adoption in each municipality.

- Building Code Adoption (Community & Economic Development Committee)

This subcommittee is already underway, through a process set in motion after the April JPC meeting. The region's building officials have been convened; a task force has been created, and they have embraced a project to adopt a unified set of amendments to the new state building code; the project is being modeled after the success enjoyed in the early 90s. JPC members interested to shape this effort are welcome to attend the next meeting of the Task Force the morning of July 12th, and subsequent meetings will be scheduled around availability.

The mission of the committees is to recommend a specific action plan back to the full group when they meet in October. They expect that, in crafting those recommendations, the committees will engage in some fact finding and field work, and will be assisted by city staffs and other resources at the disposal of the various organizations. They are charging the committees to be visionary and bold in their thinking, and to link that vision to very specific, actionable tasks (policy recommendations, formation of new JPAs, etc.) that can commence immediately.

- Morgan Hill Chamber of Commerce: Mayor Kennedy was appointed to serve as the City's primary and Council Member Sellers as the City's alternate representative to the Chamber of Commerce. There was discussion about having the Chamber of Commerce consider allowing two Council Members serving as primary representatives to this agency with Council to decide on the appoints.